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NEWS SUMMARY

GENERAL

Paisley plan gains support

militant elements within the Ulster Defence Association were last night reported to have voted support the Rev. Ian Paisley's "Save Ulster" plans in the hope of forcing a confrontation with the British Government. Mr. Merlyn Rees, Northern Ireland Secretary, returned to Belfast from London to face the new threat to his security policy.

Anticipating the appearance of loyalist vigilante patrols on the streets the province remained tense with yesterday's attack on a married couple—they are Royal Ulster Constabulary reservists—bringing the total of police killed this year to 60, with a further 13 killed.

The wife was the second woman constable to be shot and wounded in the past three days. Her husband escaped injury.

In Newry, Co. Down, yesterday afternoon five shops were badly damaged by a car bomb blast. There were no casualties. The area had been cleared after a tip-off that the car contained 8 lbs. of explosive.

Meanwhile, a new Anglo-Irish law to block a legal escape route used by terrorist suspects in the Irish Republic and Britain is due to begin operating next week. Back Page

Blast kills 2 at Tel Aviv airport

Two people were killed and many injured when time-bombs in booby-trapped suitcases exploded in the arrivals hall of Ben Gurion international airport near Tel Aviv yesterday. The suitcases had been unloaded from an Austrian Airways jet from Vienna. The Popular Front for the Liberation of Palestine claimed responsibility. Middle East news, Page 8

Noise protests at Concordes' return

Federal Aviation Administration noise level readings—comparing favourable with those of subsonic jets as British Airways and Air France Concorde aircraft left Washington on their return flights to London and Paris yesterday stirred up fresh protests. Back Page

Teaching jobs dispute worsens

About 16,000 people were last night occupying colleges in support of the National Union of Students' protest against the shortage of jobs for newly trained teachers, the union claimed. In addition to teacher colleges, the occupied premises were said to include eight other institutions. Feature Page 21

Powell probe

The Foreign and Commonwealth Office has launched an investigation into the leak to Mr. Enoch Powell, United Ulster Unionist MP for Down, South, of the confidential report on immigration which was the basis of his Commons attack on Monday. Back Page

Briefly . . .

The Government is not to implement its proposed child benefit scheme in full, Mr. David Ennals, Social Services Secretary, told the Commons. Back Page

Dr. Henry Kissinger, U.S. Secretary of State, arrived in London last night for talks with Mr. James Callaghan, Prime Minister. Page 8

Rhodesian security forces announced that another eight guerillas and three African civilians had been killed, taking the death toll this month to 168. Feature Page 29

President Tito of Yugoslavia celebrated his 84th birthday in Belgrade last night.

A million reserve doses of vaccine against swine influenza are being arranged for next winter.

BUSINESS

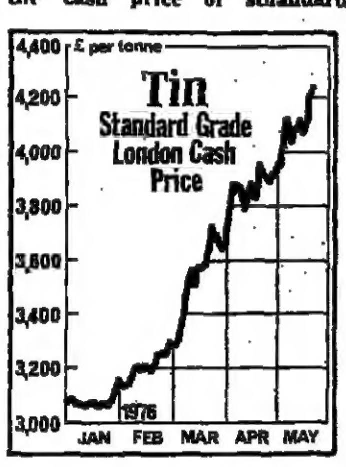
Wall St. still weak; equities up 1.6

● WALL STREET made a late recovery helped by bargain hunting, closing 0.16 ahead at 971.69, after being down 5.80 at 2 p.m.

● EQUITIES were marked down initially, partly because of the Wall Street setback on Monday, but recovered in the absence of selling. The FT 30-Share Index rose 1.6 to 399.0.

● GILTS made a technical rally after the recent sharp setback and rises ranged to ⅛. The Government Securities Index gained 0.22 to 62.52.

● METAL prices advanced, with the cash price of standard



grade tin rising £33.5 to £4,241—only £4 below the record price on September 4, 1974.

● STERLING fell 85 points in thin trading to close at $1.7860. But the pound's trade-weighted depreciation narrowed to 38.5 (38.6) per cent., while the dollar's narrowed to 1.47 (1.55) per cent.

● GOLD fell 25 cents to $124.625.

● U.S. TREASURY bill rates rose to their highest level in six months at this week's auctions: Threes 5.495 (5.250) per cent. Sixes 5.908 (5.726) per cent.

£100m. orders from Poland

● MACHINE TOOLS worth £100m. will be ordered by Poland before the end of the year, with the first contracts expected in a week or so. The business comes just in time for the U.K. industry, which has seen orders on hand shrink badly. Back Page

● OFFSHORE exploration licences in the next round are likely to include new areas in the Celtic Sea, Irish Sea and Western Approaches. Page 11

● MIDLAND BANK has submitted proposed higher charges to the Price Commission. Page 9. Banks should avoid equity investment and continue to concentrate on short-term lending, says Sir Eric Faulkner, Lloyds Bank chairman. Page 11

● STOCK EXCHANGE Council is expected to decide on June 8 whether to accept a recommendation to introduce a new market in traded options, perhaps jointly with Amsterdam. Back Page

● PAY PACT received more union support — from postal workers, boilermakers, and the Electrical and Plumbing Trades Union. Page 13

COMPANIES

● LONRHO may make a formal offer in the next day or two for Brentford Nylons. Back Page

● BOOKER McCONNELL is to be paid about £10m. as compensation for the nationalisation of its trading assets in Guyana. Page 9 and Lex

● REED INTERNATIONAL pre-tax profit dropped to £37.4m. (£55.4m.) in the year to March 31. Page 23 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treasury 5pc '76-78	£91⅞	+ ⅜
Treas. 12½pc '93 "A"	£95⅞	+ ⅞
Alexanders Discount	218	+ 8
Ass'd. Fisheries	29	+ 3
ANZ Banking	460	+ 8
Barclays Bank	292	+ 7
Brit Walker	53	+ 3
British Leyland	30	+ 3
Ryder	285	+ 5
Home Hldgs.	101	+ 6
Hong Kong Shanghai Bankg.	297	+ 7
Jardine Matheson	329	+ 14
Henderson	87	+ 4
Lloyds Bank	232	+ 7
Electronics	219	+ 5
Reckitt and Colman	342	+ 4
Intnl.	271	+ 7
Pacific	137	+ 7
Transparent Paper	51	+ 6
Thomson Org.	233	+ 6
Union Discount	325	+ 10
Charter Cons.	160	+ 10
Westfield Minerals	160	+ 8

FALLS		
Burgess Products	19	− 3
Hogg Robinson	173	− 5
Paterson Zochonis 'A'	180	− 5
Philips' Lamp	900	− 17
Rowntree Mackintosh	231	− 5
Sale Tilney	112	− 6
Smurfit (J.)	149	− 5
Tiger Oats	520	− 20
Wolstenholme Bronze	124	− 4
Cons. Murchison	780	− 30
East Daggafontein	28	− 4
Kloof Gold	420	− 20
Palabora	780	− 50
Rand Leases	21	− 3
Venterspost	175	− 11
Winkelhaak	500	− 20

Opposition builds up in Parliament

Foot promises extra Assembly powers

BY RICHARD EVANS, LOBBY EDITOR

INCREASED POWERS for Scottish and Welsh Assemblies announced by Mr. Michael Foot, Lord President of the Council, yesterday failed to quell the formidable opposition now building up in Parliament to the Government's devolution proposals.

The major changes proposed by Mr. Foot, who took over responsibilty for devolution from Mr. Edward Short two months ago, are for responsibility for the Scottish and Welsh Development Agencies to be transferred to the Assemblies, and the elimination of veto powers by the Scottish Secretary of State at Westminster.

Instead, any doubts about the legal validity of Scottish Assembly primary legislation will be resolved by the Judicial Committee of the Privy Council. The U.K. Government would, therefore, have no power to reject Assembly Bills on these grounds.

Despite the changes, made by Mr. Foot to meet criticisms of the White Paper from a wide range of opinion in Scotland, there was dramatic evidence that the devolution legislation will face opposition from an alliance of Tories and rebel Labour backbenchers.

But Mr. Foot made it clear that the Government is determined to force the massive Bill of over 100 clauses through Parliament during the next session, no matter how fierce the opposition.

The legislation will be introduced in November, and allowed 30 days for its Commons stages.

If it becomes law in the summer, elections for the assemblies will be held next autumn; if Royal Assent is delayed until the spill-over period in the autumn, elections will be delayed until the spring of 1978.

The major question-mark over the legislation is how far Labour opponents of devolution will be prepared to go to defeat the Bill.

The legislation will be made an issue of confidence by the Government and there will be the potent threat that its defeat would mean an immediate General Election.

Ministers continue to insist that unless the Bill becomes law next session, the state of opinion in Scotland is such that the break-up of the U.K. would become much more likely.

At present, up to 30 Labour backbenchers are regarded as potential rebels on the grounds that the proposals are a sop to nationalist pressures or because they believe insufficient notice

MR. FOOT . . . determined to force Bill through.

has been taken of English interests.

They are joined by a number of Conservatives, including Mr. Iain Sproat, MP for Aberdeen S., who accused Mr. Foot of "shameful appeasement" and warned that getting the Bill through would make the campaign to prevent House of Lords reform "look like a gentle tea party."

Mr. Foot also faced criticism from the Tory front bench—which remained significantly quiet throughout the exchanges following the Tory adoption of an uneasy compromise formula—for proposing one Bill covering Scotland and Wales, instead of two.

In his statement Mr. Foot confirmed that all operations of the Scottish and Welsh Development Agencies would be transferred to the devolved administrations, including responsibility for financing them. The amount will be negotiated as part of the block grant arrangements with Westminster

But in order to prevent unfair competition with other parts of the U.K., the industry investment operations of the agencies will be subject to guidelines laid down by the Westminster Government.

They will also retain their existing powers to get under the direction of the Secretary of State in selective industrial assistance cases under Section 7 of the Industry Act, 1972.

On the constitutional issue of veto powers from Westminster, which had attracted the greatest degree of criticism in Scotland, Mr. Foot said detailed arrangements for the examination of

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Parliament Page 14

Shipbuilding Bill faces challenge

BY PHILIP RAWSTORNE

THE GOVERNMENT'S Bill to nationalise the aerospace and shipbuilding industries was thrown into serious jeopardy last night.

A ruling by Mr. George Thomas, the Speaker, to-day may decide whether the legislation must be abandoned.

The threat of a major setback to the Government's programme was raised yesterday when Mr. Robin Maxwell-Hyslop, Tory MP for Tiverton, challenged the procedure under which the Bill is being conducted.

Mr. Eric Varley, Secretary for Industry, and Mr. Michael Foot, Leader of the House, were later called from the Commons chamber for talks with the Speaker.

Then Mr. Foot announced that the Government would not proceed with the first of the three-day debate scheduled for the Bill this week. Amid cheers from Tory MPs, he said that Mr. Thomas would rule on Mr. Maxwell-Hyslop's challenge to-day

The Tory backbench had said that though the U.S.-owned Marathon Shipbuilders (U.K.) fulfilled the criteria on which other shipbuilding companies were being nationalised, it was being left in private ownership.

This differential treatment of similar companies meant, he claimed, that the Government's Bill should have been treated as a "hybrid measure."

Under the Commons Standing Orders, a special procedure is laid down for such legislation. It has to go before a select committee which considers petitions against the Bill from interested companies and individuals who may be represented by counsel.

Mr. Maxwell-Hyslop formally presented a petition last night against the Bill from a shareholder of Yarrow Shipbuilders, one of the companies being nationalised.

His case is that the Clydebank yard of Marathon had built over 15,000 tons of shipping in the two-year period to July 31 1974, and at that time was building a vessel, the Key Victoria, thus meeting two of the nationalisation criteria laid down in the Bill.

Ministers say that the Key Victoria is not a "ship" but an "oil rig," and it is on this issue that the Speaker's ruling to-day will hang

If the ruling goes in Mr. Maxwell-Hyslop's favour there appears little doubt that the Bill, which has already spent a record 58 days in committee, would have to be returned for examination by a select committee.

The delay would effectively prevent the Government from getting the legislation on the Statute Book this session. And with a greater part of next session already pre-empted by the devolution legislation, the Government's prospects of reintroducing the Bill could appear negligible.

Jubilant Tories

Mr. Varley and Mr. Foot were considering last night at a meeting with Mr. Michael Cocks, the Government Chief Whip, various possible moves to avert a major setback to their programme.

Jubilant Tories appeared confident that the Government would have to concede defeat. Mr. Maxwell-Hyslop said: "To-day's proceedings have been very satisfactory."

Mr. Teddy Taylor, one of the Tory Front Bench spokesmen on the Bill, said: "If the Speaker rules in our favour, our experts tell us it will be very difficult for the Government to avoid abandoning the Bill."

U.S. and Bonn in bid to save Unctad talks

BY REGINALD DALE NAIROBI, May 25.

THE WORLD'S major industrialised countries were to-day urgently trying to muster a sufficient package of concessions to developing countries to avert the collapse of the United Nation Conference on Trade and Development here, carrying with it the threat of a return to confrontation between rich and poor nations.

With only three days to go before the scheduled end of the month-long conference (UNCTAD IV), West Germany launched a joint initiative with the U.S. which represented a marked shift towards the position of the developing countries on the two key issues of the talks, commodities and debt relief.

But the immediate reaction of leading Third World delegates here was that the concessions were not nearly enough—a view shared by many of Germany's EEC partners.

The German move followed a near crisis in the talks last night, culminating in a Third World statement that many delegates were ready to "pack up and go home." Apparently under the leadership of the Philippines, Indonesia, Mexico and Peru, the developing countries brought the matters to a head by engineering total deadlock on the two key issues at a time when Western officials thought there was still hope of further, if limited, progress.

The German-U.S. initiative, however, had already been put together at the weekend in talks between Dr. Henry Kissinger, the U.S. Secretary of State, and the West German Government in Bonn. Although the German and American proposals are virtually identical, the U.S. is awaiting the arrival here of Mr. Charles Robinson, deputy Secretary of State, before formally revealing its hand to the conference.

Tonight the industrialised countries came under renewed pressure, with the developing countries insisting on a reply to their demand for a common fund to stabilise commodity prices by tomorrow morning.

The German proposal went further than past official policy by accepting that both consuming and producing countries should contribute equally towards the financing of buffer stock to help stabilise prices under new individual commodity agreements. The Germans also accepted that separate funds set up under each agreement could ultimately be linked under a form of clearing house arrangement which would redistribute money between them.

This would be a step towards the common fund and is similar to French proposals for a "central fund" put forward as the talks opened just under three weeks ago. Herr Egon Bahr, the German Minister for Economic Co-operation, said British views were very close to his own and indicated that he was also seeking Japanese support.

Nevertheless, the German proposal falls a long way short of the common fund as seen by the developing countries, and which they are insisting must be agreed at least in principle before the talks here end. They are adamant that there must be a firm commitment to the common fund, which they say should start with Government contributions of $1bn., before they will begin to negotiate its methods of operation.

The German and British positions also fall short of the line taken by the rest of the EEC countries who are all prepared to offer to start negotiations for a common fund in the light of progress made in hammering out individual commodity agreements. By a "common fund," however, most of the EEC countries mean a clearing house system rather than the sort of fund envisaged by the developing countries.

On debt relief, Germany has also moved some way to meet Third World demands by accepting for the first time that there could be a "set of general principles" to be applied in assessing the merits of each debtor country's case, and agreeing that a country's overall development needs should also be taken into account.

Dearer oil likely

AS OIL Ministers of the Organisation of Oil Exporting Countries (OPEC) arrived in Bali for their meeting which begins to-morrow, a consensus was emerging for a rise in crude oil prices. Iraq has announced that it will seek a 15 per cent. rise while Venezuela has said that it expects 10 per cent.

This is likely to put pressure on Saudi Arabia whose Oil Minister, Sheikh Ahmed Zaki Yamani, has pressed for a price freeze. But according to the Kuwaiti newspaper al-Siyassah, Saudi Arabia and Iran have agreed in Tehran that crude oil prices should increase by 5 per cent. in the second half of this year.

In Caracas, the Veezuelan Finance Minister, Mr. Hector Hurtado, introduced a new element by saying that, if the UNCTAD meeting in Nairobi failed to reach agreement, there would be more pressure on OPEC for a price rise.

Jobless trend stays unclear

BY SAMUEL BRITTAN

THE UNEMPLOYMENT and unfilled vacancies figures for May suggest that the bottom has been reached in the labour market But there are no indisputable signs of a new trend.

Seasonally adjusted, U.K. adult unemployment rose by 16,300 in May to reach a total of 1.25m or 5.4 per cent., of all employees.

The month-to-month figures have wobbled a great deal recently; and the best guide is probably the three-monthly average which has been rising by 5,000 a month, compared with increases of well over 40,000 on a seasonally adjusted basis in the winter.

On a similar basis, unfilled vacancies have been rising very slightly since February, but by a very small amount even when allowing for the known understatement of vacancies.

What has happened so far fits in with the normal pattern of a business upturn, with output rising first, vacancies following, and unemployment lagging behind.

The total unadjusted unemployed total fell in May by 9,291 to 1.272m. or 5.5 per cent. This seasonal improvement occurred despite a rise of 15,065 in the number of unemployed school-leavers who now stand at 37,739.

Notified vacancies to employment offices rose by 4,686 in May, but on a seasonally adjusted basis this represented a dip, probably erratic, of 3,300 over the month.

One pointer to a possible upturn in the labour market is the drop in the number on short-time, which now stands at 90,000, compared with 167,000 in February. Another indicator is the continued rise in overtime working which has been reflected in the recent earnings figures.

Nevertheless, the main unemployment and vacancy figures do not decisively settle the argument between those economists who believe that the Chancellor's April Budget was too expansionary for a period of economic upturn and those who think that he should persevere with his original strategy.

The official Budget forecasts assumed that unemployment was likely to go on rising for some months and would not start to fall until near the end of the year. After the March and April figures it looked as if unemployment might start to fall much earlier; but after the May figures Whitehall sources are inclined to re-emphasise the original timetable.

The main evidence that business recovery is proceeding faster than expected comes from indicators such as bank advances, industrial orders, export turnover and, on some interpretations, the industrial production index.

There have been so many changes, such as the Employment Protection Act, which make it expensive to hire adult workers on a permanent basis that industrial recovery may be less closely reflected in employment than in previous cycles.

The Department of Employment has been publishing, but not publicising, an estimate of the number of people aged under 60 unemployed for over four weeks. This reached 955,000 in May. This is probably the best "adjusted" measure of unemployment designed to exclude those in between jobs, or near retirement age. Their number has fluctuated around the present levels since January

Over 52,000 workers were receiving the Temporary Employment Subsidy in May compared with 36,000 in April and 20,000 in February. Total applications have now been received for over 76,000 workers.

The job creation scheme for subsidising special projects of social value accounted for nearly 15,000 jobs in May, compared with nearly 11,000 in April. Nearly 27,000 school-leavers benefited from the special recruitment subsidy compared with 24,000 the previous month.

Because of the new arrangements for early school leaving on May 28, somewhere between 120,000 and 170,000 young people will be seeking jobs in June. Thus the bulge in unemployment among school-leavers will come a month earlier than normal this year. In July and August up to 300,000 school-leavers will be seeking jobs.

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£ in New York

—	May 25	Previous
Spot	$1.7845-7860	$1.7935-7945
1 month	0.82-0.82 dis	0.92-0.82 dis
3 months	2.27-2.20 dis	2.37-2.28 dis
12 months	6.25-6.12 dis	6.36-6.25 dis

FEATURES

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LOMBARD

De-stabilisation—currency style

BY C. GORDON TETHER

BRITAIN is, of course, a very different kettle of fish from Jamaica. And the fact that Mr. Manley the Jamaican Prime Minister has—in common with a number of the heads of other Caribbean countries—recently been complaining that internal elements are collaborating with external ones to destabilise his Democratic Socialist Government might not seem to have much significance for this country.

In the sense that there is little evidence of Britain having been subjected to the kind of outside interference Mr. Manley cited in support of his charge, it probably hasn't. But there is another sense wherein it could be of considerable relevance to the circumstances in which we find ourselves. For there is no doubt that the growth of international monetary turbulence has made countries in weak payment positions much more vulnerable to what is potentially the most effective form of destabilisation of all—exchange market activity aimed at undermining their currencies. And Britain is manifestly a particularly tempting target for such nefarious activity.

Too serious

It is common ground that the recent tumble in the £ has had the effect of reducing it to a level that materially undervalues it. But when the British authorities are asked to explain how this has come about, they put the responsibility on that highly anonymous institution known as "market forces." And apart from expressing the view that this nebulous power-base has got it all wrong and will duly pay the price for this by burning its speculative fingers, they will go no further.

Yet the fact is that the consequences for the home population of unwarranted falls in currencies of the kind recently experienced by the £ and the lira are far too serious to dismiss the causation as a matter of no great practical importance. And, given the fact that our highly sophisticated international banking centre can call on all the technical resources of the computer age to throw light on this dark subject, it ought to be possible to do a lot better than that.

Needless to say, currency destabilisers will go to a great deal of trouble to cover their tracks. But it is possible that a careful look into the nature of the selling waves that have hit the £ in recent weeks would throw a good deal of useful light on their motivation. And it is not difficult to see that there are a number of purposes that the attacks on the £ could have been designed to serve.

To begin with, they could be aimed at cheapening the cost of investment in the U.K. by swinging the exchange rate in favour of those who are transferring the money—in other words, making it possible to buy up British assets on the cheap.

Information

For another, they could be aimed at adding to the country's economic difficulties to leave it more exposed to foreign interference. And if this seems far-fetched, it should be pointed out that much of the international bribery and other forms of corruption that have recently been hitting the headlines were aimed at influencing the behaviour of the afflicted countries' political situations. There is no obvious reason why such activity should stop short of exploiting international currency market turbulence to the same end.

It is to be hoped that the discovery that the floating rates orgy provides a great deal of scope for international financial, economic and political manipulation of the worst kind will play its part in encouraging the pace-setting countries to launch an international monetary stabilisation exercise sooner rather than later. In the meantime, countries that are particularly exposed to activity of this kind will have to pay far more attention to this aspect of their external affairs than they have in the past.

One reason for this is that governments have a duty to provide their people with much more information on the reasons for the behaviour of their currencies if they want to enlist their support in defending them. The recent heavy fall in the value of the £ was made to play a considerable part in getting the co-operation of the trade union movement in the new extension of the incomes policy.

Many sections of the population are being asked to make large sacrifices in standard of living terms in connection with the implementation of that policy. They have a right to as much information as the Government can provide them with as to how that fall in the £ came about—not least so that they can see whether different exchange market policies or tactics could have prevented it.

RACING BY DOMINIC WIGAN

Creetown is poised to win

CREETOWN, who has been maintaining smart form since two unplaced runs at Cagnes-sur-Mer in January and February, returns to Brighton, where he won the Conflans Handicap six weeks ago, for to-day's feature event, the £2,000 Flanagan and Allen Handicap.

Although he is set to concede between 22 lb and two stones to his four opponents here, Peter Cooper's handsome Tower Walk colt seems poised to regain winning form after recent placed efforts at Kempton and Thirsk.

I expect to see him break fast and make all the running in the hands of Joe Mercer and win at the main expense of the progressive Briarvanter from Mick Masson's nearby Lewes establishment.

Another race which could fall to the popular Newbury-based jockey, who so successfully combines farming with race-riding, is the six furlongs Clayton Stakes. Here, Mercer partners *Streak* a close fourth behind Overtown in the Crocker Bulteel handicap at Ascot on the 1st of this month.

Streak, one of last season's better sprint handicappers, should prove too good for the recently disappointing Raffindale and Gin Jang, a poor second to Blaskette at the last meeting here.

BRIGHTON
2.30—STRAIGHT CUE
3.00—CREETOWN*
3.30—EMPRESS OF RUSSIA
4.00—PALMERSTON
4.30—STREAK**

CATTERICK
2.30—BARIOLE
3.00—BACCARAT ROSE
3.30—ASPIRE
4.00—HEDGE SCHOOL
4.30—TRACK ANNA
5.00—LA COURONNE***

YARMOUTH
2.15—THE FIXING
3.15—ALBRIGHTON
4.15—KINSHASHA
4.45—WELSH FLAME

Few trainers, if any, have saddled a greater proportion of winner per runners at Brighton since the war than Noel Murless and it will be interesting to see if his two representatives this afternoon, *Empress of Russia* and *Bines Bridge*, can win.

I expect to see the first named, a half-sister by Royal Palace to Connaught, outclass the weak opposition she faces in the Regency Stakes, but pass over Bins Bridge, the top weight in the Channel Handicap half an hour later, in favour of the John Dunlop-trained *Palmerston*.

A year ago, Frank Carr sent out Onward Tsubame to land the Tan Hill handicap at Catterick and many Yorkshire racegoers seem sure to pin their hopes on this tough five-year-old staging a repeat performance.

Although he may prove up to taking this one-and-a-half-mile event for the second time, I slightly prefer the chance of *Aspire*, who followed up a three lengths Nottingham victory over Beechwood Lad by running Don Phillipe, to whom he was trying to concede 17 lb to half a length in Wolverhampton's 15 runner Grand Union Handicap.

In the closing event here, the Muker Stakes, I oppose the favourite, Dandy Scot and take a chance with the lightly raced *La Couronne*, who was putting in her best work at the finish of a one mile, three furlong event at Warwick a month ago. To-day's additional three furlongs will suit her admirably.

SALEROOM BY MICHAEL THOMPSON-NOEL

No buyer's premium pays off

THE DECISION by Phillips, the No. 3 London saleroom, not to introduce a buyer's premium last autumn when Sotheby's and Christie's re-juggled their commission rates has paid some big dividends. At the Big Two, buyers now pay a 10 per cent. commission fee, but at Phillips they do not.

This situation has given Phillips a lot of extra business, as demonstrated in yesterday's £76,600 sale of clocks and furniture, in which only 3 per cent. of the lots were unsold.

Top price of £3,600 was paid for a George II walnut bracket clock by Samuel Whichcote of London. Some 70 clocks accounted for £43,400. They included a superb late 17th-century marquetry longcase clock by Christopher Gould, which went to Dorkings for £3,400 (estimate £2,000) and an early 19th-century longcase regulator clock by Arnold and Dent, bought by Nielsen for £2,700, £700 above the most optimistic pre-sale estimate.

Phillips reported keen international bidding throughout the crowded sale, and Ciancimino paid £1,450 (estimate £1,000) for a set of eight 19th-century Chinese hardwood chairs. A surprise £980 was paid by Morse for an 18th-century oak refectory table, indicative of the continuing demand for oak.

A George II walnut bracket clock by Samuel Whichcote: £3,600 at Phillips.

In a £54,533 sale of jewellery, Blenheim paid £3,400 for a French silver gilt chalice.

At Sotheby's the second part of a sale of printed books, Continental and Russian autograph letters and historical documents brought in £37,476 for a two-day total of £69,889. The leading prices were £3,400 for what the catalogue described as a remarkable series of 150 love letters of Paul Valéry to Madame Renée Vautier ("25 per cent. de paradis et 75 d'enfer") and £2,800 for a Tolstoy letter to Mahatma Gandhi, expounding the virtues of non-resistance.

A Sotheby's sale of English porcelain amounted to £32,773 (bought-in percentage 2.33). The Antique Porcelain Company paid £3,000 for a rare early Worcester wine funnel, c. 1752-55, while another buyer gave £940 for a rare pair of Bristol figures allegorical of autumn and winter modelled by Pierre Stephan, c. 1773-74.

At Sotheby's Belgravia English prints brought in £14,428, including £1,100 for an engraving of George Richmond's *The Good Shepherd*.

Christie's sale of bank note designs and printers' proofs totalled £19,583. Every lot was sold. The majority of the notes came from the collection of Col. Sir William E. Jardine.

A sale of English drawings and watercolours at Christie's amounted to £16,401.

'S TO-DAY BY ROBIN LANE FOX

t knock the rock

The ... are visiting Chelsea ... Show from 8.30 a.m. ... 8 p.m. to-day and Thursday, 8.30 a.m. to 5 p.m. on Friday, will no doubt be amazed at the length of the Delphiniums, the fatness of those marvellous Begonias and the new red shrub Potentilla shown by Bloom's nurseries of Bressingham in Norfolk. But I hope you will also linger over the smaller table exhibits of alpine plants, remembering the advantages which these wild flowers have for the small modern garden which wants to be distinctive. The catalogue of W. E. Ingwersen, Birch Farm Nursery, Gravetye, East Grinstead, Sussex lists most of the best plants for alpine gardens, and the nursery will hunt for special requests. Northerners, and gardeners on acid soil, will be intrigued by the catalogue of the famous Jack Drake Nurseries, Inshriach, Aviemore, Invernesshire; westerners, who garden on lime soils, should consult Joe Elliott, Broadwell Nurseries, Moreton-in-Marsh, Glosp. These nurseries should all be visited, if possible, for their alpines are best chosen straight from the frame. Chelsea Flower Show reminds me how some of the more difficult families can look their best. It rouses me to try to please them, and the three nurseries above will supply home-raised plants with the best rate of success.

Ambitious

Chelsea Flower Show still conjures up those graded banks of water-worn limestone planned as harmonious rock-gardens which sum up the ambitions of so many visitors. I wonder whether those classic rock-gardens still strike a chord in many visitors' hearts. They belong to an Edwardian style which lingers on in derivative hints in gardening dictionaries, and I fear that they will encourage a reprehensible fashion. Few gardeners, of course, would try to copy these small mountain landscapes in their own gardens, but their limestone is still a valued part of a "proper" rock-garden in many unsuspecting town and suburban gardens. Often the dirt in a town atmosphere whitens the "Westmorland" stone which garden centres offer, or imitate, following in the trail of the Chelsea ideal. Bleached stones are not to my taste, and before you add a natural water-worn rock wall to your garden, I would ask you to consider this natural stone's origin.

Each water-worn rock garden strikes one more blow at our natural outcrops of limestone, most common in northern England. The Nature Conservancy Council has recently complained of the unnecessary taste for "Westmorland" rockeries; the limestone pavements, from which the stone is ripped by mechanical diggers, are of great geological age and importance and deserve, in the NCC's informed view, to be preserved in their own right.

Lists of the best natural pavements are sent to the County Planning Authorities and, as the digging of limestone usually depends on planning permission, attacks on the better outcrops are now prevented. But smaller outcrops are still under attack, and there is no stopping the enthusiast who picks up loose stones for sale or use in his own garden.

When you look at a show rockery, spare a thought for the rocks which have been plundered for this conventional fashion. Perhaps you will question the fashion, too, for I often see banks of limestone obediently piled up in suburban gardens where they are remarkably incongruous.

Local variety

Respect for these natural outcrops should not lead to a fashion for mock rockery stone, the worst of both worlds. If you live in an area of natural stone, use your local variety. If you do not, refrain from using stone at all. Alpines will grow very well in a raised bed if the drainage is sharp. The earth can be covered with gravel which will keep in some of the damp and allow the roots as cool a run as among stones.

What, then, might you like to grow? I assume that you are not interested in the ordinary Phloxes and Aubrietas, pretty though many of them are, but that you will want something easy, bright and unusual. Choosing the ten less common alpines which have given me most pleasure and least trouble, I would begin rather ordinarily with two Alyssum. I do not include the mustard-yellow Alyssum, for all its brightness in April.

I prefer two easy relations, one called Dudley Neville which is buff-coloured in flower, the other called Saxatile Citrinum, which is lemon-yellow. They flower abundantly and will increase quite easily from cuttings. A dry sunny wall suits them, but they are not always long-lived. Their colours match most charmingly. I would accompany them, of course, with a Gentian, but as the Gentians are temperamental in many gardens, the late summer Septemfida would have to be my first choice. Dark blue, trumpet-flowered, conspicuous and reliable: this plant could even be used as the edging to a border. The adventurous will risk the Star Gentian, to which I referred last week, and be sure that it has rich soil.

Others may attempt the sky-blue variety called Farreri, a most obliging plant with me in September and quite extraordinarily lovely as its trum... flowers are marked with ... olive-green stripes. I have fo... that it is happy when ... watered and fed with li... manure fortnightly from July... wards. I am particularly ... that this treatment is w... while, as I ignored it during ... year's drought and have lost ... my plants.

Two small Flaxes are ... pretty, a bright yellow one ca... Linum Gemmells Hybrid and ... flat-growing Salsoloides w... flowers are pearly white. I ... to combine them with the ... Campanulas, or Harebells, am... which there are hardly any ... varieties. An old white ... called Mist Maiden is the ... in my garden, but the ... purple Covadonga (collected ... offered by Joe Elliott) is ... outstanding as long as you ... stop it dying back after flo... ing. I have lost it often, b... always buy a plant when I ... it for sale. Perhaps you ... persuade it to last a long w... it is only six inches high.

Blue is quite a common co... among good alpine flowers, ... I would always grow the ... shrub-like Lithosperum in ... to be sure of it. Heavenly ... is remarkable, but only in ... dens without lime. Intermed... is the excellent variety for ... rest of us, so intense a blue ... it is almost lost among ... summer flowers.

The world of the wild C... men is equally alluring, and ... variety is worth while. If I ... to choose one, it would be ... white form of Neapolita... whose leaves, too, are so h... some. These Cyclamen ... splendid plants for a raised ... where you can see them clos... if you are only buying a ... pay a little more and buy gr... ing plants in pots which you ... not plant upside down.

Favourite

I would round off the list w... my favourite of all, a plant wh... is the equal of all Chelsea Flo... Show in the years when ... spring is not cruelly ... Ramonda Myconi is not large ... difficult. It must live in sh... and prefers to be planted so t... its roots run horizontally b... into a cool wall. Its rosettes ... leaves then face out vertica... if I make myself clear. Often ... in their native homes, they w... shrivel in dry weather, only ... revive when rain finally reach... them. But in a normal May th... send up stems of a pale lavend... flower, single, simple and yello... centred, yet so beautiful th... you will want nothing bright... This has not been the seas... for good Ramondas but the m... who has shade, leaf-mould, a... the usual spring rains w... discover through them why o... alpine plant is worth all t... tomatoes in a frame.

TV/Radio

† Indicates programmes in black and white

BBC 1

7.05-7.55 a.m. Open University (UHF only). †9.38 For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Mary, Mungo and Midge. 2.01 For Schools, Colleges. 3.00 Pobol y Cwm. 3.30 Day and Night. 3.58 Regional News (except London). 4.00 Play School. 4.25 Huckleberry Hound. 4.30 Jackanory. 4.45 Star Turn. 5.10 Seven Little Australians. 5.40 The Wombles.
5.45 News
6.00 Nationwide
6.50 Sportstown
7.25 Some Mothers Do 'Ave 'Em
8.10 Survivors
9.00 News
9.25 Sportsnight
10.25 Skye Trek
11.10 To-night
11.45 Weather/Regional News

All Regions as BBC-1 except at the following times:—

Wales—5.10-5.30 p.m. Tuktu. 5.30-5.40 Crystal Tipps and Alistair. 6.00-6.50 Wales To-day. 6.50-7.10 Heddiw. 7.10-7.40 Pobol y Cwm. 7.40-8.10 Monty Python. 11.45 News and Weather for Wales.

Scotland—6.00-6.50 p.m. Reporting Scotland. 11.45 News Summary and Weather for Scotland.

Northern Ireland—10.23-10.43 a.m. For Schools: Ulster in Focus. 3.58-4.00 Northern Ireland News. 6.00-6.30 Scene Around Six. 11.10-11.40 Spotlight on what matters to people in Northern Ireland. 11.40 News and Weather for Northern Ireland.

England—6.00-6.50 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton) Spotlight South West (from Plymouth).

BBC 2

10.35 Nai Zindagi Naya Jeevan
11.00 Play School
5.00-7.05 p.m. Open University
7.05 I See What You Mean
7.29 Weather
7.30 Newsday
8.00 Chelsea Flower Show
8.25 Sing Country
9.00 The Country Game
9.25 Horizon Special
10.15 Playhouse
11.05 Rutland Weekend Television
11.35 Newsnight
11.50-11.55 Closedown. David Davis reads 'What Mattered' by Edmund Leo Wright

LONDON

9.30 a.m. Schools Programmes. 12.00 Here comes Mumfie. 12.10 p.m. Pipkins. 12.30 Three Little Words. 1.00 First Report: News, FT index. 1.20 Lunchtime To-day. 1.30 Crown Court. 2.00 Good Afternoon. 2.30 Rooms. 3.00 The Great Little Trains of Wales. 3.25 Quick on the Draw. 3.55 General Hospital. 4.25 Michael Bentine's Potty Time. 4.50 Westway. 5.20 The Flintstones.
5.50 News from ITN
6.00 To-day
6.35 Crossroads
7.00 Don't Ask Me
7.30 Coronation Street
8.00 Whicker's World — Down Under
8.30 Dangerous Knowledge
9.00 Luke's Kingdom
10.00 News
10.30 Jack Parnell and the Big Band Show
11.0 Hello Cheeky
11.30 Wrestling
12.00 What the Papers Say
12.15 a.m. Heaven and Hell

All ITV Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. 5.20 Survival. 6.00 About Anglia. 12.00 The Big Question.

ATV MIDLANDS

1.20 p.m. ATV Newsdesk. 5.20 ATV Today (Pt. 1) including Junior Police Five. 6.00 ATV Today (Pt. II).

BORDER

†1.20 p.m. Border News. 5.20 The Partridge Family. 6.00 Border News and Lookaround. †12.00 Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 5.20 The Partridge Family. 6.00 Report at Six. 11.55 News and Weather in French followed by Epilogue.

GRAMPIAN

1.20 p.m. Grampian News Headlines. 5.20 Batman. 5.45 Police Newsroom. 6.00 Grampian Today. 12.00 Evening Prayers.

GRANADA

1.20 p.m. This Is Your Right. 5.15 Take Kerr. 5.20 Crossroads. 6.00 Granada Reports. 6.30 University Challenge.

HTV

12.30 p.m. Galloping Gourmet. 1.20 Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 3.00 Survival. 4.50 The Ghosts of Motley Hall. 5.25 Crossroads. 6.01 Report West. 6.15 Report Wales. 6.30 Three Little Words.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.25-4.50 Rhifeddodau. 6.01-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

11.25 p.m. Road and Weather Report. 2.00 Housecall. 5.20 Pipet and his Friends. 5.25 Crossroads. 6.00 Scotland Today. 6.30 University Challenge. 12.00 Late Call.

SOUTHERN

1.20 p.m. Southern News. 2.00 Houseparty. 5.20 Two Crews From Tacos. 5.25 Crossroads. 6.00 Day by Day. 12.00 Southern News Extra.

TYNE TEES

9.25 a.m. Starting Point. 1.20 p.m. Lunchtime News and Lookaround. 2.00 Women Only. 5.20 Skippy. 6.00 Today at Six. 10.30 Hello Cheeky. 11.00 Jack Parnell Big Band Show. 11.30 The Protectors. 12.00 Epilogue.

ULSTER

1.20 p.m. Ulster News Headlines followed by Lunchtime. 4.23 Ulster News Headlines. 5.20 Fantastic Voyage. 6.00 UTV Reports.

WESTWARD

12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.20 The Partridge Family. 6.00 Westward Diary. 11.57 Westward Late News. 12.00 Faith For Life.

YORKSHIRE

1.20 p.m. Calendar News. 5.20 Calendar. 6.00 Calendar (Emley Moor and Belmont editions). 10.30 Hello Cheeky. 11.00 Jack Parnell and the Big Band Show.

RADIO 1 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.30 Paul Burnett. 5.45 Newsbeat. 6.02 John Dunn (S) (joins Radio 2). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S) including 6.15 Pause for Thought. 7.02 Simon Bates (S) including 8.27 Racing Bulletin. 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.50 p.m. Sports Desk. 1.55 Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1, but including on 1500m. only (also 202m. Scotland) 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 The News Huddlines starring Roy Hudd. 7.30 Sports Desk. 7.32 The Story Behind the Song. 8.02 Two in Mind (S). 8.30 Sing Something Simple (S). 9.02 Command Performance (S). 10.02 Sports Desk. 10.07 Words and Music (S). 11.02 Jean Challis with The Late Show (1500m. only, also 202m. Scotland), VHF joins Radio 1). 12.0-12.05 a.m. News.

RADIO 3 464m, Stereo & VHF

‡ Medium Wave only

7.00 a.m. News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composer: Handel (S). 9.45 Organ Recital (S). 10.30 French Song recital: Fauré, Ravel (S). 11.10 The Challenge of Tradition. 11.20 Clarinet and Piano (S). 12.00 From the 1975 Bratislava Festival (S). 1.00 p.m. News. 1.05 Concert Hall (S). 2.00 Saltarello Choir (S). 2.45 BBC Northern Symphony Orchestra: Dvorak, Mozart, Stravinsky (S). 3.50 Welsh Chamber Music (S). 5.00 Choral Evensong. ‡5.45 Homeward Bound. ‡6.05 News. ‡6.10 Homeward Bound (continued). ‡6.30 Lifelines: Language and Learning. 7.30 Mankind's Music. 8.00 BBC Northern Symphony Orchestra concert, part 1: Berkeley, Mahler (S). 8.45 The Arts Worldwide. 9.05 Concert, part 2: Dvorak (S). 9.55 Britain Into Conflict. 10.15 Couperin (S). 10.40 Yehuda Amichai. 11.05 Kreisler Plays Kreisler. 11.25-11.30 News.

Radio 3 VHF only—6.00-7.00 a.m. and 5.45-7.30 p.m. Open University.

RADIO 4

434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today. 7.00 News and more of Today including 7.25 VHF Regional News. 7.45 Thought for the Day. 8.00 News and more of Today including 8.25 VHF Regional News. 8.45 Yesterday in Parliament. 9.00 News. ‡9.05 The Living World (‡ from 9.25). ‡9.35 Finger on the Pulse. ‡10.00 News. ‡10.05 In Britain Now. 10.30 Daily Service. ‡10.45 Morning Story. ‡11.00 News. ‡11.05 Round Britain Quiz. ‡11.30 Thirty-Minute Theatre. 12.00 News. 12.02 p.m. You and Yours. 12.27 Brain of Britain 1976. ‡12.55 Weather, programme news. VHF (except London and S.E.) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour (‡ from 2.00) including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 The Case of Daisy Hopkins. 4.35 Story Time. 5.00 PM Reports. ‡5.30 Financial Report. VHF Regional News. 5.55 Weather; programme news. 6.00 News. 6.15 Twenty Questions. 6.45 The Archers. 7.00 News. 7.05 The World in Focus. 7.30 It's Your Line: The Scottish National Party's Aims. 8.30 Poetry Prom. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.30 News.

For Schools (VHF only): 9.25 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 David Simmons with Rush Hour. 9.00 Susie Barnes with London Live. 11.03 In Town. 12.03 p.m. Call In including 12.05 London News Desk. 2.03 Paul Owens with 206 Showcase. 4.03 In the News. 4.32 Tony Fish with Home Run including 5.00 and 6.00 London News Desk. 7.00 In Town. 8.00 Quest. 8.30 Soul 77. 10.03 Robbie Vincent's Late Night London. 12.00-12.05 a.m. As Radio 2 until Closedown.

London Broadcasting

261m and 97.3 VHF

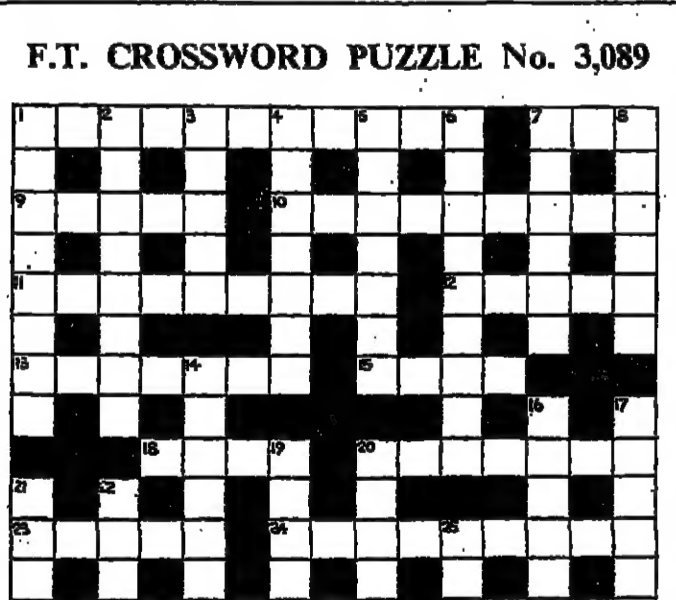
6.00 a.m. "AM"—London's breakfast-time show. 10.00 Brian Hayes—talking to London. 1.00 Newswatch. 5.00 Newsbreak. 7.30 Jazz in Stereo. 9.00 Nightline. 1.00-4.30 a.m. Nightwatch—news every half-hour through the night.

Capital Radio

194m and 95.8 VHF

6.00 a.m. Graham Dene: The Breakfast Show. 9.00 Michael Aspel. 12.00 Dave Cash: Cash on Delivery. 3.00 p.m. Roger Scott. 7.00 Jane Walmsley and Bryan Wolfe: London Today. 7.30 Adrian Love: Open Line. 9.00 Nicky Horne: Your Mother Wouldn't Like It. 11.00 The Late Show. 2.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 3,089



ACROSS

1 A hole for each Foreign Office portion (11)
7 Nut loaf for bird or horse (3)
9 Join a French female embracing it (5)
10 Severely criticise players before one crowd (9)
11 Serving to protect and needs five to change (9)
12 The centre-right in eliminating race (5)
13 Leaves damaged foil a long time (7)
15 Fall requiring doctor to go to work (4)
18 More than six or eight deliveries (4)
20 Intend making a meaning (7)
23 Protective clothing at the airport . . . (5)
24 . . . and formal clothing to prepare bird with a layer of paint (5-4)
26 Grassland ended initially under storm (9)
27 Answer the purpose of a light cover we hear (5)
28 Attempt taking writer away from poetry (3)
29 First principle put to friend basically (11)

DOWN

1 Pudding that is something choice and no good (4-4)
2 A shower or the total of many (8)
3 A poem about a concert-hall (5)
4 Attribute to a writer (7)
5 In place of, as a substitute (7)
6 Hour being changed for someone near (9)
7 Credit on a tax for neckwear (6)
8 Life—or a light breeze (6)
14 An escapade, having a feast on river (9)
16 Non-stereo track for transport (8)
17 People agree intellectually (8)
19 The binder for rigid officialdom (3-4)
20 Go before in time or position (7)
21 Favourite following vehicle may be trodden on (6)
22 Caught out of practice and surly (6)
25 Handle that could be mine (5)

Solution to Puzzle No. 3,088

C	H	I	T	C	H	A	T		A	M	U	L	E	T
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ENTERTAINMENT GUIDE

OPERA AND BALLET

COLISEUM. 836 3161. Until Saturday THE STUTTGART BALLET

THEATRES

GARRICK THEATRE 01-836 4601.

THEATRES

REGENT. 323 2707.

CINEMAS

iseum of Modern Art, New York

The Fauves

by DENYS SUTTON, Editor of Apollo

ıme twenty or thirty years little attention was paid to *Fauves*—those wild men of ıch painting who had caused ir when shown in the 1905 n d'Automne. The main agonists of this movement—sse. Derain and Vlaminck—in no way neglected by porters of contemporary art, *they had drifted* so far apart one another that the close- of their artistic positions in 1900s was barely realised.

erain, for instance, was eciated for the sobriety, not gaiety, of his colour, and in 1930s many good judges of ern art had considered him white hope of French paint- And this painter soon con- ned his Fauve painting in a critical manner, finding that cked substance.

nce 1950, however, increas- attention has been paid to Fauves, the way ahead being alled by Georges Duthuit, a in-law of Matisse and an rt on Byzantine art. He lished a book on the group h contained much valuable rmation, as well as a refined acute analysis of its aes- ic principles, such as they . The second eleven has also more carefully considered painters such as Dufy, oin, Friesz and Puy clearly ited their best work when hed with the Fauvist spirit. case of Braque was very rent; his Fauve pictures lack distinctive quality of his lst ones.

he Fauves are better known oad than in England. Now Museum of Modern Art in York has staged a major *w of their work, which will* r be seen in San Francisco Fort Worth. It has been nged by John Elderfield who produced a book-length cata- e for the occasion ($7 95c). s constitutes a notable con- ution in the history of lern art and is well strated.

The exhibition contains many of the most notable pictures painted by the Fauves and, although many are well known, others have not been shown in public for a long time, if at all. The chance of seeing so many works together permits the qualities and the defects of Fauvism to be appreciated and the personalities of the artists involved to be assessed.

The careful selection and arrangement of the show underlines the way in which the use of a heightened colour was shared by artists such as Matisse and Marquet in the late 1890s, and Mr. Elderfield acknowledges how strong colour was a special feature of much Parisian painting. Indeed, it also marks an English painter such as Brangwyn.

The artists connected with Fauvism met in different ways. Matisse and Marquet were together in Moreau's studio and others came across each other by chance, as was the case with Derain and Vlaminck. As was *only to be expected in a city such* as Paris, then the art centre of the world, there was much to *see; for instance, the influence* of Van Gogh on Derain and Vlaminck was considerable. Mr. *Elderfield* also draws attention to Matisse's appreciation of Odilon Redon, who was shown at the Durand-Ruel Gallery and he even claims that Vlaminck's *Flowers (Symphony in Colours)* "looks back to Redon in some respects." The subject is akin to *one favoured* by Redon but there is no resemblance in style or colour.

The tracing of influences from one artist to another can be an *amusing exercise for the art his*torian but it is not without dangers. Thus it is hard to observe any connection between Derain's large *The Age of Gold* and the famous *Le Bain Turc* by Ingres. On the other hand, his suggestion that Derain may have been influenced by Bakst is more feasible. Mr. Elderfield does not examine in any detail the extent to which Fauvism was felt by Duthuit to possess some relationship with Byzantine art which was certainly admired in Paris in the 1900s and which had *some effect on the painting* of Duncan Grant and Vanessa Bell.

The exhibition is dominated by *Derain and Matisse*, both artistically and numerically, and when their association came to an end after the Indépendents exhibition of 1907, the movement itself dissolved. It is a relationship admirably summed up in the portraits the two artists painted *of each other and which by a* fortunate chance are both in the Tate Gallery; Derain's of Matisse *is* one of the boldest and most dominating works in the show.

Derain had a cultivated eye and was quick to pick up hints from Impressionism, Sanguin, art nouveau and other sources. His art was essentially lyricial in his Fauve period; he was at his finest when giving his impressions (though not in an impressionist manner) of Chatou, the *Thames and* Collioure. Mr. Elderfield feels that his picture of Regent Street *may* have been *derived from a plate in the Illustrated London News*, but surely it was the result of observation.

One feature of Fauvism that is well brought out in the exhibition is the fascination exerted by proletarian girls on various painters of the movement—Matisse, Derain, Vlaminck and Van Dongen. Pictures of this type underline the *connection* with German Expressionism, which is carefully examined in the catalogue.

After half a century or so the novelty of Fauvism has worn off and the movement, such as it was, can be seen in sharper perspective. The show makes a jolly impression and could hardly do otherwise. Yet the limitations of Fauvism are evident; the visual effects are surface ones in the sense that the colours lack depth *and in many cases are placed on* the canvas without subtlety of application. Fauvism may be considered as a logical consequence of the association of the artist with the poster which was started by Lautrec. "Come to sunny Collioure" or "Visit the Rat Mort" are the sort of titles that could be given to many Fauve pictures. It is significant, too, that some of the most colourful and animated of Derain's Fauve paintings resemble stage backdrops. His *own growing concern with formal* problems is shown in the *Bathers* of 1907, from a Swiss collection. *He* was soon to declare that it had become necessary for painters "to return to more cautious attitudes, to lay in a store of resources from the outset, to secure more patiently for each painting a long development."

Derain: Portrait of Matisse (Tate Gallery)

Television

Ageing juveniles

by CHRIS DUNKLEY

Monica Sims, BBC Television's redoubtable head of children's programmes, has several times expressed the thought that if people are not offered good quality programmes when they are very young there is not much hope of their demanding good quality programmes *once* they are grown up. She may well be right. The trouble is that her analysis does not go far enough.

After all, when we were young children's broadcasting meant *Children's Hour* which was nothing if not good quality; or at any rate it positively oozed worthiness and exuded virtue. When we grew up and television *succeeded radio as the dominant* broadcasting medium what did we get? We got Hughie Green, *Malcolm Muggeridge, and Alan* Whicker. Whether or not they also oozed worthiness and exuded virtue is not the point.

The point is that the next generation grew up with a totally different set of programmes—*Muffin The Mule* and *Tarzan* and *The Buccaneer* among other things—and when they became young adults what did they get? Hughie Green, Malcolm Muggeridge, and Alan Whicker.

And now, with the 1976 summer season icumen in, what do we find? Well, another series of *Opportunity Knocks has just* finished—presented of course by that bubbling juvenile Hughie Green, who was *also the subject* and star of a major "special" from Thames last month: *Hughie's Full House*.

Then there is a new BBC 2 Sunday series called *Stop to Think* which is chaired by fresh young Malcolm Muggeridge (a *man whose contemptuous com*ments about television include: "The medium is bound to deceive. *Even if you put the* truth into it, it comes out a deception.")

And of course there is a new series from Yorkshire featuring *that exciting young newcomer,* Alan Whicker, in *Whicker's World Down Under*.

Monica Sims should not worry too much about viewers never learning to demand better quality programmes. Plenty of us (mostly amateurs, though a few *of us have even turned pro*fessional) have been doing that for a long time. The trouble is not with the viewers but with the broadcasters, so many of whom just go on giving us the same old things no matter what we may demand.

As it happens Hughie Green proved in his "special" that he still has a better than average command of the workaday skills of variety theatre. Whicker *showed in the "special" which* opened his series that he can still present an engrossing programme, particularly when the interviewees are a couple of naturals such as forger Bob Baudin and Great Train Robber's wife Charmian Biggs. *Even the world-weary* Muggeridge still performs well enough in the medium he professes to despise so much.

They are all competent. Yet none of their programmes is of a quality that I would imagine would satisfy the expectations of *a child brought up on the pro*grammes produced *by Monica* Sims' department, or by the equivalent departments in ITV for that matter.

That is not to say that every *single children's programme* is of high quality. There is still some very poor material transmitted, and in some cases *not just once* but endlessly repeated—such as ITV's American import *The Flintstones* which is uninventive in its drawing, unoriginal in its jokes, and limited to variations on just one idea in its situation comedy: that of 20th century surburban American life being transposed to the stone age. The joke was milked dry years ago but *the series is forever offering* the dried up teat to the viewer.

Sometimes even the mighty fall. For example BBC1's *Blue Peter* appears to have gone through a classic progression from wild success with its standard format, followed by a spot of empire building with *Blue Peter Special Assignment*, to a programme's version of the Peter Principle (which states that "In a hierarchy every employee tends to rise to his level of *incompetence*").

On Sunday Valerie Singleton appeared to be trying to do for *Regency Brighton what Alistair* Cooke has done for historic *America* and what Alec Clifton-*Taylor and John Julius Norwich* (among others) do so successfully for Britain in *Spirit Of The Age*. Clearly this new *Blue Peter Special Assignment* series is not pitched at the normal *Blue Peter* audience; certainly not only at them anyway but at adults too. It demands to be compared to *Spirit Of The Age* or David Heycock's *Lived Here* series and it comes out of the comparison very badly.

*

Yet these really must be seen as exceptions. The surprising thing is not the number of children's programmes that fail *to equal the highest standards of* adult television, but the number that succeed. The proportion of *high quality children's* programmes is very much larger than that of adult programmes.

Any child raised on *John Craven's Newsround* and particularly on the *Newsround Update* series is going to be somewhat disappointed when he grows up and discovers that there is nothing quite like it for adults.

Last Friday Craven reported in a 25 minute programme from Bangladesh, bringing us up to date on the reports he made from the country last year. The programme, directed by Michael Beynon, opened with some admirably clear statistics includ*ing a clever graphics sequence* comparing the size of Bangladesh to the size of Britain—the sort of simple and informative sequence which adult programmes so often lack, presumably for fear of appearing condescending or didactic. They would do well to *run the risk*.

It then showed Craven on a number of locations, finding out how the health teams were getting on, and explaining agricultural and other advances. Without mincing words he covered the assassination of *Mujibur Rahman* and his family. *The programme's most powerful* point was that as the wheat and rice crops were doing unusually well, and there had been fewer major disasters than usual, this was the best year yet for Bangladesh. It was the first (relatively) optimistic report I had even seen *from that country*.

Adult news, in contrast, has left its viewers high, dry, and—if they rely almost entirely on television for foreign news, *which statistics tell us* most people now do—completely uninformed about the situation in *Cambodia, say, or Vietnam, or* even Angola, subsequent to Communist take-over. It may be argued that British camera crews are not allowed to film inside these countries, and that television is consequently unable to keep its viewers up to date.

Yet there is nothing to stop television providing informed coverage without film, or even *using Communist agency film* (assuming it is available) so long as it is clearly announced, labelled, and treated as such and accompanied by explanatory commentary. To change from a continuous stream of news from these countries to sudden silence—as though they had simply ceased to exist—is both absurd and irresponsible.

In drama, too, children's programmes have a higher rate of scoring than their adult equivalents. *The current Wednesday* serial, *Westway*, written by Guy Slater and made by HTV, is an appealing combination of childhood independence (the children in a commune take over the market gardening from the adults and do rather better) mystery (why has the portrait in the old house been turned to the wall for so many years?) *and irony (the children are be*ginning to suffer from all the tensions and difficulties that their parents moved *into the commune* to escape).

BBC1's *Circus* is a thriller that is almost too exciting: my children did not like the idea of *blackmailing a man* by shoving his wife into a cage with the lions. That aside, it is very attractively filmed on *location* with what appears to be a genuine circus.

And there are the ghosts—*Rentaghost* on BBC1, which fills *children with glee* because the ghosts are inept (hence slapstick) naive (making the children feel superior) *and mischievous* (with children nothing succeeds quite so wildly as taking the mickey out of an adult): and *The Ghosts of Motley Hall* from Granada, better for slightly older children, perhaps, with less comedy but a much more con*vincingly ghostly* atmosphere. Ghost enthusiasts will be interested to know that both commercial and BBC ghosts dematerialise by squeezing the bridge of the nose and shutting the eyes tight.

There seems no danger at *present of children growing up* with their expectations of television pitched too *low*. Quite the contrary. As an interesting little experiment the BBC could always try creating a department known as Adults' Programmes, and putting Monica Sims in charge of it.

ımedy

Dimetos

by B. A. YOUNG

imetos, the character and the , *came to Athol Fugard from* anecdote in Camus' notebooks. story, as he tells it, goes this: Dimetos is an engineer has left "the City" (place period are unspecific) to live the country. One day he ches his niece Lydia how to knots so that *she may help* rescue a horse fallen down well. When Lydia discovers t her uncle has been getting uilty pleasure by watching a tor, Danilo, making love to she hangs herself.

metos and his housekeeper its move to another place, by ea. A stranded walrus dies stinks the place out; bolising the body of Lydia. etos is driven out of his , but at the same time the ping idleness that has ted him is cured.

saw the play at last year's burgh Festival and partly buted my lack of pleasure t to the acoustics of the ch Hill Theatre and the South African accent of the ng player. Now that I have it again with Paul Scofield e lead, *I realise that my* tisfaction arose wholly from play itself.

en *Mr. Scofield is defeated* e lack of definition in the of Dimetos. Alleged to be ngineer, he is obsessed only the use of his hands, which mploys not for his slide-rule or simple manual tasks. He salts his conversation with cracker-barrel philosophy and cracker-barrel science, of which he seems to have a rough O Level knowledge. He is incapable of decisions. Yet we are to believe that he has been a great man, and that the City is longing for him to come back and put its *troubles right*.

Mr. Fugard's dialogue, deprived of its demotic South African crutch, *has* become almost colourless, slipping now and then into vapid pseudo-poetry and punctuated with meaningless symbolism. When Dimetos goes mad, he recites pages of elementary physics. It embarrassed me terribly.

Lydia, the most *easily realised* character, is quite movingly played by Celia Quicke, and Danilo is given by Ben Kingsley in what, if he is not careful, *will become his ready-made per*formance. Yvonne Bryceland is Sophia, with a secret love for *her boss; it is a mistake that she* should look 15 years younger than the lined and grey Dimetos Mr. Scofield gives us when she was his nurse in his youth, and she should be discouraged from speaking prose as if it were poetry. Yet on the whole it is a *telling performance*.

The direction is by the author. With a minimum of scenery, he has the characters spotlit when they are in action, picked out against the dark behind them. It is very good to look at.

stival Hall

Arrau

by MAX LOPPERT

measure of greatness in per- ers is often the ability to t admiration despite (or through) interpretative reements. Claudio Arrau's *hoven-playing* has never, to aste, at least, touched that of consistent illumination profundity *that one* wit- s in his performances of Romantics; yet it was ssible, during Monday's nts of two late Beethoven as, the E flat Op. 109 and C minor Op. 111, to deny uthority, stamp and unmis- ble aura of his sovereign pretative powers. Especially e C minor, the ability to d *familiar* sequences to new ose, to search out fresh hing, was everywhere in ence. *A notable example* in the first movement, the *mpo* semiquavers of its in- *allegro* treated like so much inchoate, intractable matter of which form and substance to be kneaded, and rhythmic tonal clarity reserved for the *of* the period, as though light emerged from the notes iselves.

t along with *this sense of* st improvisatory creativity an apparent willingness to k the natural form and flow e music. Following the pro- of the sonatas under u's guidance one was apt to interrupted by a kind of torial" punctuation of the c, a painstaking and impas- ed scrutiny of each note h nonetheless gave the ression of a gloss on the c recited simultaneously the main text. There was, n and again, a want of that icular Beethovenian sim- ty that will make, say, the ing movement of the E flat ta a still pond under the ace of which subconscious ents are felt deeply in motion Arrau's account, the ion was already visible.

Schumann's Symphonic dies, after the interval, there was the *immediate consciousness* of manner supremely well matched to the music. Not only because Schumann's *secretive*, personal, intimate expression emerges with such pointed, particularised sensitivity to each shade of feeling; but also because the magnificent solidity of Arrau's keyboard style, with its rich mahogany bass tones, seamless *legato* and ample, unforced *forte*, can be refined to the purposes of both Florestan and Eusebius. The pianist had inserted the five posthumously published variations into the sequence, *which is always con*troversial, especially so in his present chosen order (the major-key No. 5 *of the inserted* movements was made to seem like a resolution of the minor-key Variation VII preceding it); yet played with such penetrative power, the arrangement won immediate capitulation. The sound of the Finale, the piano *ringing out like* the entire brass section of the Berlin Philharmonic, is one to cherish in the *memory*.

C. W. Beaumont

The death has occurred of C. W. Beaumont, the ballet historian and annalist of the dance. Born in London in 1891 Cyril William Beaumont combined several careers with dis*tinction: those of* book-seller and publisher, from his celebrated premises in the Charing Cross Road, with a *no* less celebrated activity as an historian of the dance, critic and advocate of the Cecchetti method of ballet teaching, to which end he had founded the Cecchetti Society in 1922. More than 40 books about dancing are testimony to his life-long devotion to all forms of dancing: they are the scholarly basis for much of our present understanding of ballet, an art which he laboured with the utmost dedication to serve and to which his writings and his life brought deep love and sound judgment.

C.C.

Coliseum

Daphnis and Chloe

by CLEMENT CRISP

Ravel's *Daphnis and Chloe* is a notoriously difficult score for *choreography, its narrative* elements tending towards the quaint in modern times, when pirates and nymphs and the god Pan seem more curious than persuasive in the theatre. For Glen Tetley, in his version given its first London showing on Mon*day by the Stuttgart Ballet, the* task has been to devise a more convincing presentation, and he has succeeded marvellously well.

For him the key figure seems *to be Pan, the goat god, in whom* we find the conflict of human and animal traits. Pan is also *Daphnis' half-brother, and Tetley* has recast the dramatic action in less literal and more abstract terms, so that Dorkon and Lykanion (the traditional villains *of the piece*) become the darker, animal doubles of the young lovers. Gone are the pirates and *the tale that we know best in the* Ashton staging; instead Daphnis and Chloe's adventure becomes a confrontation with their more brutish selves. Pan inspires and guides events, forcing Daphnis and Chloe to face their sexual nature in a bacchanal (habitually *the pirate scene*) *amid a rout of* satyrs, before ridding themselves of Dorkon and Lykanion and, with the Dawn music, rediscover*ing the purity and lyricism of* their love.

The result is a daring and beautiful view of Ravel's score, enhanced by superb gauzy designs by Willa Kim, no less superbly lit by John B. Read. Richard Cragun and Marcia Haydee *are the lovers, ideally* cast, with Birgit Keil and Reid Anderson as Lykanion and Dorkon, equally good. And Egon Madsen is Pan, giving a performance of the most remarkable physical resource and dominating emotional presence: sharp in *accent, mysterious in his quality* of super human power, it is an amazing creation. The ballet, which seems to me one of Tetley's finest, is choreographed with an almost luminous grace: it is like looking at the morning of the world.

Another Tetley work new to London, *Greening*, was also in Monday's triple bill. It uses two scores by Arne Nordheim for orchestra and electronic tape —*Epitaffo* and *Greening*—and its subtitle, *Waiting for Rain*, suggests something of the *choreographic theme*. In a handsome set by Nadine Baylis showing a skeletal tree leading up to a frieze of decoration high *above the stage. Birgit Keil and* Jonas Kage, Christopher Boatwright and Nora Kimball, lead the cast in a sequence of boldly conceived entries that convey the emotional qualities implicit in the title. The score, sonorous and developing from clusters of *notes, is matched by Tetley's* invention, which contrasts great bursts of energy with passages of stillness.

At the centre of the programme, John Cranko's *Opus One*—set to the Webern *Passacaglia* — is a taut, allusive work *centred on the heroic figure of* Richard Cragun. The drama inherent in the piece is concerned with the acquisition and loss of a beloved—Birgit Keil—and despite its lack of literal narrative, *Opus One* establishes powerful emotional images that *linger gratefully in the mind*.

King's Head

Hank's Night

by MICHAEL COVENEY

Paul Ableman's short comedy, given at lunchtimes, is not new and time has defused the comic outrageousness of a situation in which two married couples toy with the idea of an orgy after dinner. The proposal is initially *made* by a dour, quiet scientist, but his enthusiasm suddenly evaporates when his wife even*tually succumbs to the notion* and removes her gown. While the host couple gamely remove and replace their exterior garments in an effort to move things along, Mr. Ableman fires some sharp and amusing lines on the subject of how to relate permis*siveness of physical expression* to the seeming albatross of liberal instinct.

Someone sensibly *refers* the company to the reflection of an offstage psychedelic accountant *whose theory is that the state of* orgy is difficult, even impossible, to achieve as it requires that all parties arrive simultaneously at an identically manic mood of abandon. This premise accepted, the quartet relaxes despondently as Glenn Miller is placed on the *turntable*. Quite *unexpectedly*, "In the Mood" does the trick and the lights fade on a scene *of reckless depravity*.

Or they should. Tom Dickenson's production is too tentative and coy even for this light piece, failing to create an atmosphere of tension in which so Bacchic a finale could thrive. As the programme fails to enlighten us as to which *actor plays which part* I can only guess that, in a moderate cast, Giles Phibbs is *deft and springy as the host who* clears £16,000 per year (after tax) and considers guests are for *boring, not flooring*.

Radio 3

Frankl & Vasary

by DOMINIC GILL

For their duo recital broadcast from St. John's, Smith Square, on Monday lunchtime, Peter Frankl and Tamas Vasary chose to play what are perhaps the two greatest *masterpieces* in the whole of the two-piano literature: Schubert's F minor Fantasy, and Mozart's *F major sonata* K497.

The Fantasy, indeed, is the greatest of three great piano duets—the others are the A major Rondo and the A minor Allegro—*which* Schubert *com*posed towards the end of his life in 1828: a magnificent symphonic design cast in a single movement, woven around the magical repetition, as unifying Leitmotif, of one of Schubert's most hauntingly beautiful tunes. Frankl and Vasary play together with the ease and naturalness of a born duo: a strong, precise performance—*without any sense* of stiffness in the precision, or heaviness in the strength. I much admired their expressive rubati, beautifully synchronised, never forced: the wistful *con moto* tempo they chose for the Leitmotif and all its recurrences; the weight at the biggest climaxes nicely *judged, full and* resonant, but never pushed through the tone.

K497 too is the "greatest and grandest" of Mozart's duo sonatas: like the Schubert, almost symphonic in conception, almost orchestral in scale and *instru*mental weight. The *allegro di molto* Frankl and Vasary made exuberantly gay, *full of resili*ence and rhythmic bounce; the operatic dialogue of the slow movement was gentle, precise and eloquent—happily never overblown; the finale, a splendid rout of canons and celebrations. This was a most enjoyable lunch*time: shall we hear Frankl and* Vasary in a fully-fledged duo programme on the South Bank soon?

WORLD TRADE NEWS

Iranians confirm nuclear deal with France

BY RUPERT CORNWELL PARIS, May 25.

IRANIAN Prime Minister Amir Abbas Hoveida to-day confirmed that his country had signed contracts to buy two nuclear power stations from France and strongly suggested that Tehran was insisting on controversial reprocessing technology as well.

Speaking after a lunch with President Giscard d'Estaing midway through a five-day official visit, Mr. Hoveida said that work on the two plants, of 900 Mwatts each and worth a reported Frs.5bn., would begin within the next few months.

Iran's agreement with France in 1974 covered the whole range of nuclear technology, he said. It was unlikely that it would be satisfied with just the two power stations, to be built by Framatome, the specialist subsidiary of the Creusot-Loire engineering group.

The alleged readiness of France to sell nuclear equipment to all comers, including plants to reprocess used fuel and thus obtain the plutonium required to manufacture atomic weapons, has been strongly criticised recently, especially in the U.S.

The Government here claims that its export policy contains safeguards against misuse of the know-how provided. It is also pointed out here that Iran, unlike France, has signed the non-proliferation treaty and is ready to submit to controls laid down by the International Atomic Energy Agency in Vienna. But whether these assurances will prove enough to allay suspicion remains to be seen.

The deal, however, is a sign that the vaunted economic co-operation between the two countries is at last showing concrete results after a period when words rather than deeds dominated.

Although plans for Iran to buy Concorde are on ice largely as a consequence of the drop in its oil revenues, French interests have won the initial contract for the metro system planned in Tehran. Motorway construction and railway electrification programmes are also under discussion.

Trade between the two countries has doubled over the past year and Mr. Hoveida said that the French President would travel to Iran this October, thus repaying the Shah's visit here in the summer of 1974.

Japanese steel prices to rise by 15%

By Peter Duminy

TOKYO, May 25.

JAPANESE steelmakers are ushering in increases of up to $34 a tonne in posted prices, to apply to major domestic users with effect from July deliveries. Overall, prices are due to rise by about 15 per cent., which for most types of steel will mean price rises of more than 35 per cent. in under 12 months.

The industry is generally considered powerful enough to do as it pleases, but is making efforts to disarm its critics, including consumer groups, opposition Members of Parliament and Japan's Fair Trade Commission. The burden of the complaint is that under the leadership of Nippon Steel and with the blessing of the Ministry of International Trade and Industry, the major mills are a formidable cartel—one which has dramatically altered the demand-supply equation to its own advantage in the past year, by effectively restricting production. There is in fact no question but that production cutbacks have set the stage for the present price increases.

AP-DJ adds: Nippon Steel began negotiating with major buyers yesterday on the basis of new posted prices for four major steel products, the steel maker said to-day.

ASIAN EXPORTS TO THE MIDDLE EAST

The growth areas get together

BY DICK WILSON

"EXPORTS to Middle East oil producers rose by a third." This characteristically low-key statement about Hong Kong's trade last year in the annual report of the chairman of the Hong Kong and Shanghai Banking Corporation is typical of a new trend in the Far East.

Businessmen at the two extremes of Asia are building up an unprecedented trade in goods and services following the oil crisis. It is a case not only of "East meets West" in the purely Asian context but also of two growth areas getting together for commerce and investment. And it is not only Japan but now the smaller countries of the area which are getting on to the bandwagon.

The bigger oil import bills which most of the East Asian countries have to pay to Middle East suppliers are tending to be handled politically rather than purely commercially. The Philippines, for example, has constructed a network of Government-to-Government contracts for what is called "adequate and continuous supply" of crude oil from Saudi Arabia (replacing the previous arrangement with Exxon), Kuwait, and Iraq.

This enables the countries with marketing ability to push their own sales to Arab markets—and to do it directly rather than through middle men. The chairman of the Malaysian Rubber Exchange returned last month from a tour of Kuwait, Iraq, Egypt, Turkey, and Iran saying that natural rubber consumers in those places were keen to buy directly from Malaysian exporters.

South Korea is spending about $1.2bn. a year on oil from the Middle East, and one obvious way for Arab suppliers to maintain that substantial market is to find more things to buy from Korea.

At a ministerial conference at the end of last year Iran and Korea agreed to expand their trade 13-fold, to reach $2bn. in the next five years. Iran has already contracted to import 100,000 tons of cement, 50,000 tons of chemical fertiliser, and 60 fishing boats from Korea. Saudi Arabia bought a quarter of its cement imports from Korea last year.

Taiwan has a diplomatic relationship with Saudi Arabia and Jordan, two of the few States still refusing to recognise the Communist regime in Peking, and it uses this advantage skilfully. It has contracted to sell 150,000 tons of cement to Saudi Arabia this year, and boosted its trade with Jordan (which supplies it with phosphates) by 60 per cent. last year.

Although the major Taiwanese exports to the Middle East are such long-standing lines as sugar, textiles and electronics, the Chinese in Taipei are diversifying. After selling 290,000 cartons of bananas there last year they hope to sell 1m. this year, and prefabricated houses (principally of plywood) are being test-marketed in Saudi Arabia. A Taiwan 10-man trade mission has just toured the Middle East.

Singapore's exports to the Middle East almost trebled last year (to S$250m.), and Hong Kong's are also well up: two Hong Kong export missions have already been to the area this year; a third is about to go to Iran and two more are planned for next February. There is also talk of Egypt having some merchant ships built in Singapore yards.

Some of the other Middle East States are active partners with the Asian Communist governments. A Chinese State Oceanography Bureau team is in Kuwait studying the possibilities for desalinating sea-water, on the invitation of the local Ministry of Electricity and Water. Iran has pledged a loan to the indigent North Koreans, and agreed with a visiting North Vietnam mission in January to supply oil and oil technology in exchange for raw materials and agricultural products, as well as to co-operate in the petrochemical and aluminium industries.

The same mission from Hanoi negotiated an economic and technical co-operation pact with Iraq, and the Director-General of Iraq's Foreign Trade Ministry has since visited North Vietnam to discuss its implementation.

The South Koreans have made the most of the const[ruc]tion contract opportunities in Middle East, winning $[...] worth last year, and expec[t] easily to double that in 1976 [...] almost 40,000 Korean technic[ians] and skilled craftsmen at wor[k in] the area.

At the end of 1975 Seoul [...] orders for 100,000 houses t[o be] built in Iran for $1.5bn., [...] agreed to help set up joint [ven]tures in Iran to make poly[...] synthetic leather and [...] fabricated housing materials.

The biggest Korean proj[ect in] the Middle East, however, [is in] Saudi Arabia—Hyundai's [...] contract to build a new po[rt at] Jubail and Daelim's $1.1bn. [con]struction order for a gas-fu[elled] power station. Korea also [...] $7.5m. aerial photography [con]tract in Saudi Arabia.

In Bahrain, Korean compa[nies] are erecting a $5m. stea[...] structure sub-contracted [from] Japan, and Hyundai is to [build] a $160m. shipyard to [...] supertankers up to 500,000 [...]. The latest hope, expressed b[y the] president of the South Ko[rean] Chamber of Commerce [and] Industry after touring the M[iddle] East, is for the Kuwait naval [...] contract worth $1bn.

The Koreans do not en[tirely] monopolise this field: Taiw[an ...] Taiwan is helping Saudi A[rabia] to put up a $300m. sugar re[finery] at Damman, and a T[...] fertiliser plant is planned [for] Saudi Arabia.

Malaysia to mend Mideast fences

BY WONG SULONG KUALA LUMPUR, May 25

The Malaysian Government is making special efforts to regain the confidence of Middle East trading companies which have placed an unofficial embargo on some Malaysian imports following several cases where Arab traders were swindled by Malaysian exporters. A Malaysian team will leave for a month-long goodwill visit to the Middle East this week.

Several Malaysian traders were found to have cheated Arab timber importers of several million Ringgits, while others did not fulfil their contracts when timber prices began to rise last year. Yesterday, Datuk Hamzah, the Malaysian Trade and Industry Minister, warned exporters that the Government would take swift action against them if they continue to adopt unethical practices towards Arab buyers.

British exports to West Germany show strong upturn

BY GUY HAWTIN

THERE are signs of a strong and sustained upturn in Britain's visible exports to West Germany. Despite the poor publicity that British industry has been receiving in the European Press, total U.K. exports to the Federal Republic in the first two months of the year totalled DM1.253bn. (£272.4m.) — a healthy 29.5 per cent. up on the DM968m. of the same period of 1975.

Even more encouraging is the upward surge in West German demand for British manufactured goods. In this sector, exports increased by 38.6 per cent. to DM905.4m. (£196.8m.) compared with the previous year's DM653.4m.

The figures are the latest available, but British trade officials appear confident that Britain's exports so far this year have maintained the performance of the opening two months. At the half-year stage, figures should show substantial export increases both in terms of cash and volume.

Volumes have not been rising as fast as the cash value of exports, which have been spurred by rising prices. But the West German import volume index (1970=100) puts the British volume in February this year at 139—a full 13.3 per cent. above 122.7 of the same month of 1975. The biggest leap in sales come in the ships and boats sector, where exports rose 3,370.5 p[er] cent. to DM52.1m. Here [the] figures are rather deceiving: exports in the same two-mo[nth] period of 1975 were, at DM1.5[m.,] extremely low.

Dramatic growth, howe[ver,] could also be seen in the mo[tor] vehicle sector, where expo[rts] rose 85.5 per cent, to DM82.3m., while aircraft exports went [up] by 43.8 per cent. to DM33.8m. Machine tool sales advanced 38 per cent. to DM11.8m., mechan[i]cal power units by 109.1 per cent. to DM7.9m., and optical and pr[e]cision instruments by 64.7 p[er] cent. to DM35.8m.

West German exports [to] Britain are still far out-stripp[ing] their imports from the U[.K.,] although, on current perfor[m]ance, their growth rate is [...] much slower. In the first t[wo] months of the year they total[led] DM1.89bn. (£412m.), only 7 p[er] cent. up on the DM1.77b[n.] despite a considerable increa[se] in prices recorded in the sa[me] period of 1975.

Michael Van Oz writes fr[om] Amsterdam: Dutch exports [to] West Germany, by far its larg[est] trading partner, rose "above [...] expectation" by 29.9 per ce[nt.] to reach a value of Dm.7.[...] in the first quarter of this ye[ar] compared with the same peri[od] last year. Over the period, ov[er]all German imports advan[ced] somewhat less significantly [...] 23 per cent.

Reynolds in Brazil aluminium talks

BY DAVID WHITE RIO DE JANEIRO, May 2[5]

REYNOLDS Metals of the U.S. is discussing a $200m. aluminium joint venture in Brazil, a spokesman for the Brazilian state-controlled mining group Companhia Vale do Rio Doce (CVRD) said here.

Negotiations between the two companies are taking place at a time when Brazil's aluminium-producing plans, based largely on a $2bn. smelting complex in the eastern Amazon region, have been increasingly in doubt. That Amazon project, due to be built near Belem using bauxite mined in the Trombetas River area, has been stalled awaiting a firm commitment from the Japanese partners, Light Metal Smelters Association.

Reports from Japan that the Belem project, Albras, had been postponed for two years were denied by CVRD. The possib[ility] of an alternative partner su[ch as] the French Pechiney Group [has] been widely rumoured, [but] French government officials [say] they consider such a so[lution] unlikely.

The plant being discussed [by] Reynolds, known as Alusul, [is to] be built at Santa Cruz near [Rio] de Janeiro, with production [of] 80,000 tons a year scheduled [to] start in 1978.

According to unofficial repo[rts] Reynolds is expected to [take] between 30 and 40 per cent [of] the $85m. equity capital, [the] remainder being put up [by] CVRD. The reports said that [the] Japanese Mitsui group had [...] been involved in discussion[s on] the project but was now li[kely] to be dropped in favour of [the] U.S. partner.

Indigo plant exports hop[e]

BY RHYS DAVID, CHEMICALS CORRESPONDENT

THE LONDON-BASED chemical merchanting company, Gerald Cooper Chemicals, which announced earlier this year that it was to begin manufacture of the scarce dyestuff, indigo, is hoping to sell four complete plants to overseas buyers at more than £5m. each.

The company's decision to manufacture the dye was made because of the very severe shortage of indigo which has been greatly in demand as a result of the continuing world-wide boom in denim for jeans and other casual wear. Following its move, however, it claims to have received a large number of inquiries from all over the world from other companies interested in starting up relatively small-scale production of the dye.

Under the terms of the deals which Gerald Cooper has been negotiating the company will supply to clients a complete package deal including dyeing technology, purchase of equipment, fabrication on site, technical assistance and after [sales] back-up facilities. Altoge[ther] four such projects are now un[der] discussion, including ones [in] Italy and Ireland.

Cooper's own plant in Pop[lar,] East London, is now be[ing] brought into production a[fter] only four months' building w[ork] and will eventually be built [up] to a production level of aro[und] 80 tonnes a month. At presen[t a] tota of about 40-45 people [are] employed at the plant which [is] located in a former warehous[e].

The intended level of outpu[t is] relatively small compared w[ith] the three major producers [—] Allied Chemicals in the U.S., a[nd] BASF in Germany each of wh[ich] has an output estimated [at] around 3,000 tonnes a year. [A] fourth producer Mitsui in Jap[an] produces around 1,000 tonnes [a] year.

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AMERICAN NEWS

:BI looks :nto Hays :llegations

Federal Bureau of Investi- :n is now looking into :ations that Representative :ne Hays, the powerful chair- of the House Administration :mittee, has been paying a :an $14,000 a year out of public :s to serve as his mistress, :d Bell writes from Washing- Rep. Hays has firmly denied :harges.

:e allegations could scarcely :come at a worse time for Hays who is running as a :ourite son" candidate in six Congressional Districts in :key Primary on June 8. In 1972 presidential primary he :as a "favourite son" in his district and won. He had :expected to do well this

:cently, Mr. Hays has made :ower felt by the role that he :played in holding up the re- :tution of the Federal :tion Commission, which is re- :sible for doling out campaign :s to candidates in the :aries. In the past, he has accused of refusing to :orise printing of documents does not approve of, and :rally of being prepared to do :hing that would tend to make :sier for incumbent Congress- to be re-elected.

:gan returns to :yana Parliament

Marxist People's Progressive :y (PPP) led by ex-Premier :di Jagan has ended its three- :old boycott of the Guyana :onal assembly, our George- correspondent writes. The :e is a clear recognition of the :easingly Left-wing stance of 12-year-old government of Mr. :es Burnham, but PPP sources reports that the party has :tiated a deal to share power the Government. Observers believe that the PPP will be :cted to demonstrate in Par- :ent its new political line of :ical support" before there be any move towards a :ition.

:tural gas ruling

Federal Power Commission :t reconsider its refusal to :t Shell Oil a price increase billions of cubic feet of :ral gas, the fifth U.S. Circuit :rt of Appeals has ruled, AP-DJ :rts from New Orleans.

:e natural gas comes from a that Shell began developing 1966. Before the field began :ucing Southern Natural Gas :racted to buy the gas. Since :thern Natural would have to :d a pipeline the company :d Shell to guarantee that at 500bn. cubic feet of gas :ld be available.

:aska pipeline

:ndard Oil of Ohio said there been no change in the mid- schedule for the start of the :s-Alaska pipeline system and :e is anticipated, Reuter reports Cleveland.

:hio said it hopes that Alaska :line Service and the Depart- of the Interior will reach agreement on the number :elds in the pipe that are to :-examined and those that will :ire remedial action.

: route change

:e Civil Aeronautics Board :) has proposed a major :ment of the domestic route :m flown by Los Angeles- Western Airlines, reports :J from Washington.

: proposal would increase :irline's flexibility to operate direct service between :s now located on different segments.

: action marks the first time the CAB has proposed to :ve the route structure of a airline.

:entina bomb

:bomb exploded outside the : of the Society for Argen- Soviet Cultural Relations :rday morning, causing :ge but no injuries, UPI :s from Buenos Aires.

:aths in Rio

:ice discovered four bullet- :d and burned bodies yester- : a suburb north of Rio de :ro, bringing to nine the of mysterious corpses found 24-hour period, reports UPI. Helber Murtinho, chief of :tate police homicide squad, :e believed the killings were by police officers, but could :rovide further details.

FTC to probe Xerox pricing strategies again

BY JAY PALMER NEW YORK, May 25.

THE U.S. Federal Trade Commission has informed Xerox that it is starting a new investigation into the huge copier company's pricing strategies. The FTC said that its study will specifically concentrate on the pricing plans adopted by the company on January 1, 1976, after it had settled an earlier 1973 anti-trust complaint brought by the FTC.

Last autumn Xerox unveiled sweeping price changes which, although not formally part of its detailed consent order settling its anti-trust battle with the agency, were seen to comply with the FTC's rulings. Xerox also made it clear that the new prices were aimed at enhancing its competitive standing in copiers.

The new prices, which went into effect on New Year's Day, involved cuts of up to 11 per cent. in copier rentals as well as the first-ever introductions of first-year rental discounts. The company stressed that the lower prices would increase profits by stimulating a hefty boost in business.

To-day Xerox denied that these new price changes in any way violated federal anti-trust laws. It noted that the FTC had not alleged any violation of laws and stressed that the company would co-operate with this "preliminary investigation."

FTC officials in Washington have refused to comment on what prompted this investigation and would not disclose if complaints had been received from Xerox's competitors. It is known, however, that a number of smaller U.S. copier companies remain dissatisfied with the leniency of the consent degree last year and remain committed to lessening Xerox's competitive edge.

U.S.-Turkey accord 'in deep trouble'

WASHINGTON, May 25.

ADMINISTRATION and Congressional assessments to-day agreed that the proposed bases agreement with Turkey is in "deep trouble," even before it arrives in Congress.

Turkey's ambassador, meanwhile, says that the passage of the $1bn. security arrangement is the benchmark for relations between the two countries. Ambassador Melih Esenbel says that if the agreement is rejected, "Turkey will have to reasses its entire relationship with the United States."

Congressman John Brademas, one of the so-called "Greek bloc" who is leading the fight against the bases agreement, says that he has not made any formal vote checks, but adds: "I haven't found any enthusiasm for the agreement, and I have found some strong feeling against it. Mr. Brademas says that both the Turkish agreement, and a matching $700m. Greek bases agreement, "would be in very great trouble."

State Department and White House assessments of the situation agree, said one U.S. official. The opposition to the two agreements centres on three areas:

Constitutional, in which members of Congress will oppose any multi-year arrangement (the two agreements run for five years) because that would deprive Congress of its right to annually oversee expenditures by the U.S. Government.

Legal, in which Mr. Brademas and other members of the "Greek bloc" insist that Turkey is in violation of the U.S. security assistance regulations by the use of American weapons in Cyprus. There has been no substantial progress in the Cyprus negotiations, which means that the U.S. arms embargo against Turkey is supposed to remain in force.

Strategic, in which the opponets argue that the supplying of vast quantities of arms to antagonist nations such as Greece and Turkey simply escalates the arms race in the eastern Mediterranean, and increases the chances of war.

UPI

SALT infringement by Soviet Union confirmed

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, May 25.

THE U.S. administration has disclosed that the Soviet Union has admitted a technical violation of the 1972 first SALT Agreement, but has taken steps to remedy the situation.

Although the Russian breach of the Agreement would appear to be extremely minor, it nonetheless has a certain symbolic significance in that U.S. President Ford has been under repeated attack from the Republican right wing on the grounds that the Soviet Union has got away with several violations on the strategic arms front in the face of American unwillingness to insist on rigid compliance.

In releasing details of the infraction, the administration was itself responding to a magazine article which dealt with this specific subject but, the administration felt, insufficiently accurately.

The official version is that the violation centred on a four month timetable during which the Russians were supposed to dismantle older missile launchers while newer additional launchers were being deployed.

According to the 1972 pact, the Soviet Union was permitted to have at readiness no more than 740 long range ballistic missiles. The Russians were obliged to begin dismantling 51 older launchers as soon as it began sea trials of more updated submarine missiles. These trials started last December, but by the March deadline, 40 of the 51 missile silos had not been rendered completely inoperative. The Soviet Union, therefore, was in possession of a missile capability greater than the 740 ceiling.

In April the U.S. protested to Moscow and insisted that no further submarines be put to sea until the dismantling was completed. The Soviet Union agreed. According to the latest American information, the Russians will have finished tearing down the silos inside the next week or two—some two months after they were supposed to have done so.

Security net for Concorde

WASHINGTON, May 25.

FRANCE'S Concorde airliner thundered off into broken clouds a few minutes after noon yesterday on the return leg of the historic opening of transatlantic supersonic passenger traffic.

The jet had 80 passengers aboard for the trip to Paris. The British Airways Concorde, with 81 aboard, was scheduled to leave for London, about 30 minutes later.

Two seurity helicopters hovered over the departure runway on the lookout for any diehard demonstrators, protesting about the aircraft's alleged noise and pollution. But there were no incidents.

SEC accused on payments disclosures

WASHINGTON, May 25.

THE U.S. Securities and Exchange Commission (SEC) has let some companies get by without disclosing questionable transactions similar to those that other companies have reported voluntarily, a Congressional staff study shows.

Among other things, the report says the SEC knew of $2.2m. in payments by Celanese, more than $400,000 in foreign payments by Dupont, and irregular billing practices by a subsidiary of Wm. Wrigley Jr. Celanese and Dupont have reported to shareholders only that unspecified questionable practices have been discovered and halted. Wrigley has not reported any findings publicly, according to the SEC.

SEC chairman Roderick Hills objected to the release of the report. He said whether disclosure was required under the securities laws could not "easily be determined by comparison with disclosures undertaken voluntarily in other cases."

AP-DJ

THE U.S. SUPREME COURT

Death penalty on trial

BY NANCY DUNNE IN WASHINGTON

THE SUPREME Court of the U.S., with four of its nine members appointed by former President Nixon, has grown increasingly conservative on the issues of criminal law. Of the five justices appointed before the Nixon regime, three are liberal and two are considered "swing votes," sometimes going left, sometimes right. That constellation has given rise to many 5-4 decisions and some surprises. One of them was a much-hedged decision—with the four Nixon appointees together in the minority — declaring capital punishment "cruel and unusual" but only in the "arbitrary and capricious" way it had then been implemented. The U.S. constitution forbids "cruel and unusual" punishment.

The ruling swept away capital punishment statutes in 39 States and the death sentences of 631 people awaiting execution. But it left open the possibility that State laws could be revised in a fair enough manner to allow a reintroduction of the death penalty. With FBI statistics showing a 42 per cent. rise in murder rates from 1968 to 1973 and polls showing that a majority of Americans support capital punishment, 35 States and Congress have enacted new death penalty laws designed to circumvent the Supreme Court objections. With approximately 470 people on death rows in 30 States awaiting its verdict, the Court is due to rule during June on a sampling of these new laws.

The arguments now before the Court to abolish the death penalty are two-fold: that the new State laws fail to meet the standards of constitutionality set by the 1972 ruling, and that the death penalty, however applied, is "cruel and unusual punishment" and therefore unconstitutional.

Legal experts will not predict how the Court will rule, although no one thinks any of the Nixon appointees have changed their minds on the subject. The unpredictability of the Supreme Court has been enhanced, in this case, by the retirement of the ailing liberal, Justice William O. Douglas, who was succeeded last winter by Justice John Paul Stevens. Although he has been praised by Sen. Adlai E. Stevenson III, a liberal, as "a brilliant scholar, and a man of great intellect," Justice Stevens' opinions have been characterised by a conservative approach to law. At his Senate confirmation hearing, Justice Stevens said of the death penalty: "I do not know whether an effective case has been made that capital punishment serves as a deterrent. I should think that it would . . . It is always important to be concerned about the even-handed application of any sanction."

The Solicitor General, Mr. Robert H. Bork, declared in his arguments before the Supreme Court that "there are some criminals who cannot be deterred any other way." His brief, one of the several filed with the Court, said that new statistics support the argument that the death penalty serves as a deterrent, and he cited a new mathematical study which, he said, shows that by each execution, as many as 50 homicides may be prevented.

> Abolitionists argue that the death penalty is excessively cruel because of the agonising wait prisoners endure while awaiting death.

Mr. Larry Derryberry, Attorney-General of Oklahoma and a leader of the state-by-state re-enactment campaign, on the other hand, almost admitted the inadequacy of statistics to support his case when, in 1973, he argued: "Even if capital punishment cannot be established by statistics to be a deterrent, it is my belief that the absence of the death penalty provision may be an invitation to commit murder . . . It is the fear that death might be the punishment that deters."

Abolitionists have marshalled reams of statistics on their side. Their Washington Research Project claims that crime statistics show no higher homicide rates in states with capital punishment than in those without it. Studies comparing contiguous states with similar demographic characteristics, show that no matter how the figures are arranged and compared, the death penalty has had no effect on the incidence of capital crimes. Delaware, a state which abolished capital punishment and later re-instated it, had a lower homicide rate during abolition than before or after. This example and others have led abolitionists to argue that the death penalty might actually increase capital crimes by encouraging certain "psychotic individuals" who wish to die.

The nine justices must now determine if the death penalty is even-handedly applied under the new laws. Statutes vary significantly between the states. In some, the death penalty has been made mandatory for first degree murder, no matter what the circumstances. Other states provide elaborate sentencing proceedings where aggravating or mitigating circumstances may be heard. Some states would execute only for the murder of a policeman or a prison guard, while others provide death sentences for crimes such as premeditated murder, murder while committing a felony, arson, burglary, treason, aircraft piracy, kidnapping, armed robbery, and rape.

Only a small proportion of the perpetrators of some 20,000 homicides each year are sentenced to death—on the average, a few more than 100. The rest either escape, are found not guilty, plead guilty to lesser charges, turn state's evidence, receive clemency, or commutation. Abolitionists claim that the death penalty is discriminatory because a disproportionate share of those who finaly suffer it are poor or black. More than 60 per cent. of those on Death Row now are black. Recent studies show that blacks are more likely to be sentenced to death than whites and are considerably less likely to be reprieved. Blacks made up some 72 per cent. of all those executed in the South during 1930-1967 and 89 per cent. of those put to death for rape.

Abolitionists argue that the death penalty is excessively cruel because of the agonising wait prisoners endure while awaiting death.

Yet, the abolitionists declare, the wait is necessary in order to provide the necessary safeguards and constitutional rights of those convicted. To reduce the delay, increases the likelihood of executing an innocent man.

Despite all safeguards, mistakes are made—and no one knows how many. In recent months two black men were released from a Florida prison where they had spent 12 years on Death Row. Only when a white man confessed years later to their alleged crime did they receive a governor's pardon—for a crime they had not committed.

Neutral line expected in Canadian budget speech

OTTAWA, May 25.

CANADIAN Finance Minister Donald Macdonald presents his first budget to-morrow night in the face of inflation and unemployment.

Expected in the budget are measures to tighten anti-inflation controls over prices and to stimulate business investment, but no major new job-creation programmes.

Significant tax cuts for individuals are not expected. There may be some concessions for low-income earners, but the inflation rate has been edging downward and Mr. Macdonald will not risk fuelling it by freeing more money.

In effect, the Finance Minister will probably steer a neutral course, avoiding new measures that might over-stimulate the economic recovery now under way, or any marked restraint that would quickly bring down the inflation rate.

The budget statement is basically a state-of-the-economy message and an outline of how the Government expects to raise the money to meet its expenditures. The Government said in February that it would spend $42bn. in the financial year ending next March 31, a rise of 16 per cent. from a year earlier.

AP-DJ

MEXICO, U.S. IN FISHING TALKS

MEXICO CITY, May 25.

A U.S. negotiating team yesterday opened talks with Mexican Foreign Ministry representatives on fishery questions arising out of Mexico's claim to a 200-mile offshore exclusive economic zone, according to the U.S. embassy here.

AP-DJ

W. German output to rise by 9pc

MUNICH, May 25.

PRODUCTION of West German industry is expected to rise by around 9 per cent. this year over 1975, the IFO economic research institute said.

Stock rebuilding has led to sharp rises in demand, with foreign orders also contributing to the economic recovery, IFO said in its latest report.

Output began to move up in the middle of last year after shrinking for nearly two years, with around half the production losses of the recession made up by the first quarter of 1976.

IFO said German companies judged their business position as generally satisfactory in April, although no more so than in March, with capacity utilisation last month averaging 82.2 per cent., 2 percentage points up on January and 6 up on April 1975.

Chemical industry production this year should exceed last year's level by at least 15 per cent. In the first three months it was one-fifth above the mid-1975 low point, IFO added.

In the iron and steel sector, output should move up by some 10 per cent. this year, having fallen in 1975 by 23 per cent. from the level of the previous year.

Domestic demand for consumer goods in the first quarter was some 23 per cent. higher than in the same period of 1975, with foreign demand showing a 38 per cent. increase, IFO said.

On unemployment, the institute said the total should drop by some 250,000 up to September, still leaving an estimated 850,000 or so people out of work.

The April unemployment figure was 1,094,000 (4.8 per cent. of the work force). IFO said the 1976 average would be 1.04m., only a little lower than the 1.07m. average of last year and the real improvement will come in 1977.

IFO said the car industry had orders stretching five months ahead in March compared with only 3.7 months in December.

Such a high order backlog had not been experienced in the industry since the turn of 1960-61, with the range consistently below 3.5 months since

Spanish Government bid to win reform backing

BY ROGER MATTHEWS

MADRID, May 25.

WITH THE headline "good morning reform" a Madrid newspaper to-day ushered in the start of the process by which the Spanish Government is seeking approval from the right-wing dominated Cortes (Parliament) for the first part of its political reform proposals.

As the debate began in the Cortes on changes to the law affecting the right to hold meetings and demonstrations — limited to 24 hours because of the Government's professed need for urgency — three left-wing leaders were being released on bail from Carabanchel jail to which they had been committed on charges of plotting to change the form of Government. Despite the seriousness of the charges, which carry jail sentences on conviction of between 20 and 30 years, bail was fixed at a mere £800.

The three men, Marcelino Camacho, who is Spain's best known working class leader, Nazario Aquado of the Spanish Workers Party (PTE) and Javier Alvarez Dorronsoro of the Communist Movement of Spain (MCE) had been committed for trial following their participation in a broad left wing and centralist alliance pledged to bring about radical democratic changes. A fourth man arrested with them, Antonio Garcia Trevijano has not so far been permitted bail. The decision to charge just these four men, despite pleas from other political leaders in the so-called Democratic Co-ordination to be allowed the same punishment, was seen as a ploy by Senator Manuel Fraga, the Interior Minister, to drive a wedge between what he sees as the Communist and non-Communist elements in the Alliance.

But with King Juan Carlos having decided that he should participate more actively in politics, at least to the extent of listening to more moderate opposition leaders, this tactic may now have been shelved temporarily. At least one of the politicians the King has seen in the past fortnight is believed to have stressed the necessity of dropping charges against the four members of the Alliance.

Simultaneously alarm is growing within more liberal elements close to the regime about the first draft of the electoral law, the key piece of reformist legislation which is due to be presented by July 15.

Although there is still plenty of time for discussion and amendment it now seems clear that the Government is proposing that not only will both Houses of Parliament in the new bi-cameral system have roughly equal rights but that the selection of a Prime Minister will continue to depend on a three man list forwarded by the heavily Conservative Council of the Realm to King Juan Carlos.

According to sources who have seen the draft law, it is more than enough to ensure that none of the political parties in the Opposition would consider taking part in the elections under such conditions.

They claim that the Upper House or Senate, is sure to be controlled by former supporters of General Franco due to the electoral procedures being proposed and that this House will have an effective veto on the actions of the provisionally more representative Lower House or Congress. Additionally there seems to be no provision for the majority group in the Lower House having the right to nominate a Prime Minister.

Four of the political associations formed during the lifetime of General Franco have now agreed on an alliance to contest the elections, provisionally planned for 12 months time, and appear confident that they will capture a significant number of seats.

The country's simmering labour troubles exacerbated by a further 2 per cent. rise in the official cost of living index for last month, brought fresh clashes between striking building workers and riot police in the northern town of Santander to-day. Several people were arrested and others injured as police charged the demonstrating workers. At least 13,000 building workers in the town are on strike for higher pay.

New Belgian retail price index comes under fire

BY DAVID CURRY

BRUSSELS, May 25.

THE Belgian Government has agreed with the unions the mechanic of the new retail price index to come into force on July 1. Because wages are almost universally linked to the index in Belgium, the unrepresentative composition of the old index, which embraced only 149 items, has been blamed for helping to promote wage inflation.

The new index, however, is already under fire, notably because it excludes mortgages from its calculations. As more than 50 per cent. of Belgians are homeowners, mortgage repayments are reckoned to account for some 16 per cent. of the family budget. Industry has claimed that to give due weighting to mortgages would depress the inflation rate measured by the retail price index by some two points.

Instead the index, which will contain some 350 items, will count rent for the first time giving them a 5 per cent. weighting. As rents are blocked until the end of the year, the immediate effect will be to help stabilise the cost of living, but it is feared that when the rent freeze ends at the beginning of next year the index will jump alarmingly.

Giscard announces change of priorities

By Robert Mauthner

PARIS, May 25.

PRESIDENT Giscard d'Estaing of France to-night announced a modification of the Government's economic priorities following the strong expansion of the French economy since the end of last year.

Speaking on TV in one of his regular reports on the state of the nation, the French President said that, for the past six months, industrial production had been rising at a rate of as much as 9 per cent. Though there would be some slowing down in the second half of this year, 1976 would still be a year of high growth.

The employment situation, too had improved. Partial unemployment had been halved since the beginning of the year and the number of job vacancies had increased by something like 30 per cent.

As a result, the Government's economic policy, which was geared last year to stimulating the economy, had to be adapted to keep the boom from getting out of hand. Next year's budget, the President said, would be balanced in order to clamp down on inflation, currently running at an annual rate of nearly 10 per cent. For the same reason, the money supply would be more strictly controlled and profit margins, wages and other types of income would have to be watched closely.

France, the President stressed, exported as much as 25 per cent. of its total production. To remain competitive on the world's markets, it was obliged to practice the same kind of wage restraint as the other important industrialised nations.

M. Giscard d'Estaing did not, however, announce any specific new measures to control incomes. In the public sector wage agreements would continue to be negotiated between the authorities and the trade unions. As far as the private sector was concerned, the President merely appealed to employers and workers to practice self-discipline.

The President's words were hardly calculated to strike joy into the hearts of the trade unions only a few months after the end of the deepest recession that the country has known since the end of the Second World War. But M. Giscard d'Estaing did promise that the lot of France's 7m. old age pensioners would be improved. He would propose to the Government that minimum pensions would be raised to Frs.10,000 (about £1,170) a year for a single person and Frs.20,000 (about £2,350) for a couple by the end of 1977.

Help for retail traders

By Rupert Cornwell

PARIS, May 25.

DESPITE the growing fears of a new surge in inflation here, the French Finance Minister, M. Jean-Pierre Fourcade, is ready to make concessions to both small traders and big business on the vexed question of retailing margins, and industrial price controls.

He told a meeting of the Small Businessmen's Association that the Government is prepared to ease existing curbs on retail margins from the middle of next month, following the success of the complex and much-criticised controls brought in last year.

A few hours later, manufacturing industry earned a separate pat on the back in a statement by the Minister to the Senate. M. Fourcade promised that the authorities would stand by their policy of gradually permitting a return to comparative freedom for companies to set their own prices, since these had not been the main culprit in the recent quickening of inflation.

He also confirmed that a form of inflation accounting would be introduced to strengthen corporate balance sheets. A report has already been drawn up on the subject, but it is unclear exactly when specific proposals will be made public.

The main fear expressed by M. Fourcade was over the "excessively fast" growth of money supply in France, due in large measure to the substantial budget deficit currently run by the Government. Since the start of the year, Frs.5bn. (£600m.) of liquidity had been mopped up by the issue of five year treasury bonds with progressively rising interest rates. He also warned that the State would float a series of smallish 15-year loans on the capital market here, should further action be necessary.

Queen arrives in Helsinki

By Lance Keyworth

HELSINKI, May 25.

QUEEN ELIZABETH and Prince Philip began their four-day State visit to Finland this morning in beautiful summer weather. They were met at the gangway of the royal yacht Britannia by their host, President Urho Kekkonen.

A crowd of several thousand watched the welcoming ceremonies from the street and Observatory Hill overlooking the harbour. On May 27, the royal party leave Helsinki for Turku, and on the following day fly to the town of Jyvaskyla. The same evening they sail from Turku for England.

Woman dies in Athens riot

BY OUR OWN CORRESPONDENT

ATHENS, May 25.

A WORKERS' strike against a Government Bill on trade unions to-day turned into ugly street riots during which shots were fired at police trying to quell them.

A police spokesman said the rioters made use of firearms when night fell and police surrounded a group of them and tried to disperse them with tear-gas bombs.

The incident was the climax to a day of running battles between police and the rioters.

The Ministry of Public Order said 60 policemen and 39 demonstrators were injured in clashes which occurred in central Athens at mid-day after about 5,000 demonstrating workers defied a police ban and attempted to march to Parliament. Three of the policemen were seriously injured and the number of demonstrators hurt is probably much higher.

A 65-year-old housewife who was caught in the clashes was run over and killed by a riot police car chasing the rioters.

The rioters pelted policemen with stones from buildings under construction and lit fires to neutralise the effect of the tear gas.

The entire Athens police force was unable to cope with the situation and reinforcements were called in from the Gendarmerie. Unconfirmed reports said the Government put paratroopers on standby in the northern suburb of Kifissia.

When things got out of hand, trade unions which called the strike said the 2,000 to 3,000 rioters were not members and were obviously not motivated by trade union reasons alone. Most of the trade unions decided to call off the strike which had affected banks, foreign airlines, transport and communications.

Opposition parties, which had supported the 150,000 striking workers, called on the Government to protect the country's democratic regime. Mr. George Mavros, leader of the main opposition party, said the methods used by the rioters were reminiscent of those which led to the abolition of democracy and the military take-over in 1967.

EUROPEAN NEWS

BY-ELECTIONS IN IRELAND

An Irish political paradox

BY GILES MERRITT, DUBLIN CORRESPONDENT

MOST SATURDAY afternoons when there is racing at Naas, about 20 miles south-west of Dublin, the Taoiseach turns up. Slightly built and dressed in the ultra-conservative style of an Irish country solicitor, Mr. Liam Cosgrave *mingles unobtrusively* with the crowds.

It is a measure of Ireland's relaxed and civilised approach to life that the Prime Minister is assiduously ignored by the other punters. The inference most foreigners would draw is that an informal but deep relationship exists between Mr. Cosgrave and the people.

By almost all accounts they *would be wrong*. Mr. Cosgrave is a stern and unbending leader, little given to justifying his policies in public, and his image is more that of a grim step-father than a *patriarch. In the past six* months the economy has deteriorated alarmingly, and the Government has been accused of being inept or complacent. In recent weeks, *rank-and-file* elements of both parties in the ruling coalition—Fine Gael and Labour—have shown their discontent on a variety of issues.

The Irish Government's stock is now probably at its lowest *since it came to power just three* years ago. It faces the prospect of worse to come with widespread strike disruption this summer. It is not a good time, it would seem, *to go to the polls*, yet, paradoxically, Mr. Cosgrave's coalition stands a good chance of winning both of the by-elections to the Dail scheduled for June 10, even though both seats previously were held by the Fianna Fail Opposition party. Even more paradoxically, victory in the two by-elections could expose the Government to the risk of an early general election which would be *hard put to win*.

The key to the first paradox is that *in one of the constituencies*, Dublin South-West, the Labour Party is extremely strong, while in the other, Donegal North-East, Fianna Fail's previously winning vote is to be split. The area's kingmaker for the past 25 years, *Mr. Neil Blaney, dissident ex-*Minister who was sacked from the last Fianna Fail Government on suspicion of being implicated in IRA gun-running, has decided *to run his own Independent can*didate. Under proportional representation it is now quite possible that the Fine Gael runner will slip into this normally safe Opposition seat.

The second paradox is that although winning both seats would increase to eight the coalition's overall majority in the *144-seat Dail*, the hectic electioneering of the coming fortnight will focus attention on the Cosgrave administration's sorry economic performance and on *splits inside the coalition*. The Dublin Press has until lately been consistently kind to the Government over the economy, and so far this year Ministers *have generally* managed to avoid being drawn into open debate *on it* by pretending that the central issue of wage restraint is *a matter exclusively for the unions and employers*.

Trade union resentment

On the hustings it will not be so easy to avoid some straight talking *on economic problems*. The six-month saga of a wages policy—which began last December with Mr. Cosgrave's call for a "vital" pay pause and looks *like collapsing this month with*out even a pay agreement—has mobilised trade union resentment against the Government's own inflexibility. Failing a last minute rescue of the controversial 13 per cent. wage increase worked out between unions and industry over Easter, many of the 90 unions grouped under the *Irish Congress of Trade Unions* are likely to strike to press their individual claims in free-for-all wage bargaining. It is a situation that will not only bring the *Labour movement but also the* left wing of the Labour Party into conflict with the Fine Gael-dominated Government.

A showdown between the *unions, backed by elements of* the Labour Party, and the Government could well precipitate a general election in advance of spring 1977, the time that the Government is thought to be loosely working to. Although Mr. Cosgrave does not have to go to the country before March 1978, it is commonly believed that he plans a snap election once the economy has *begun to pick up speed again*.

In the meantime, a steady stream of ministerial talent is beginning to make its way to Donegal North-East to support the *Fine Gael candidate*, Mr. Joachim Loughrey. *If* the Government is lucky, the big issue in this heavily rural constituency just across the border *from Derry in Northern Ireland* will be the Ulster crisis. The Government's record on that is popular, and with the mood of Ireland changing away from the *old blind republicanism*. Mr. Cosgrave's even-handed firmness with both the IRA and the British Government is a sure vote-getter.

The three-seat constituency has traditionally returned two Fianna Fail members and one from Fine Gael, but Mr. Blaney's decision this week-end to run Mr. Paddy Keaveney, 47, as a fellow Independent Fianna Fail candidate may change that pattern. Apart from splitting the Fianna Fail vote, the *hawkish position on the* North that helped Mr. Blaney retain his own Donegal-North-East seat on the first count in 1973 nowadays carries much less appeal. *In the most recent* by-election, West Mayo last November, Fianna Fail's new policy of demanding a British undertaking to withdraw from Ulster is thought to have lost them the seat.

If the government is less lucky, however, local unemployment and the economy in general will *be the prominent issues*, as they certainly will be in Dublin South-West. A solidly working-class suburb currently shouldering 16 per cent. of the capital's heavy unemployment burden, the four-seat constituency is increasingly dominated by its sole Labour member, Dr. John O'Connell.

His is reputedly in the strongest Labour position in Ireland, and in the 1973 General Election he *was acknowledged to be one of* Labour's chief vote-catchers. Labour has brought its big guns to bear on the crucial seat, in the shape of the general secretary, Senator Brendan Halligan. Even though Dr. O'Connell is personally at odds with Labour's leader, the Deputy Premier, Mr. Brendan Corish, Mr. Halligan is receiving Dr. O'Connell's full backing. Providing Labour supporters do not react to the near-stagnant economy with massive abstentions — as has happened in the past — it looks easy for Senator Halligan.

Win or lose in Dublin

As dry runs for a general election, each contest in its way is typical enough to allow significant deductions to be made. One constituency is deeply rural and enables the coalition to test the present strength of Fianna Fail's famous electoral machine. The *other is in Dublin, where the* coming general election will be won or lost. By the end of the decade one third of the Irish population will be in Greater Dublin, *and it was with that in* mind that the present Government re-drew the city's *constituencies in the hope of gaining* up to eight seats for the coalition.

Gerrymandering is, *of course*, the rule in Ireland. In the 1960s the Fianna Fail Government unashamedly bolstered the electoral weight of the rural areas it is strong in, so one of the coalition Government's first acts was to do the reverse. Like proportional representation, gerrymandering is a complex business and things are not always what they seem. In the two by-election constituencies, for example, rural seats are to be *bewilderingly* increased and urban ones reduced. Thus Donegal North-East becomes a five- rather than three-seater at the next general election, because Fine Gael's psephologists calculate that with PR they will dilute Fianna Fail's strength. In Dublin South-West, contrariwise, the four existing seats will become three in the hope of ousting Fianna Fail.

If the Government's handling of the economy has been disappointing, so too has Fianna Fail's performance in Opposition. Many Irishmen are still relieved to be quit of Fianna Fail's 16 years of uninterrupted rule; in the five by-elections held so far since the coalition took office, Fianna Fail has lost ground in four.

The challenge that Mr. Cosgrave must fear most of all *comes from within the coalition*. His own Fine Gael Party is somewhat restless following his high-handed refusal to look once again at the question of freer *contraception and divorce in* spite of a unanimous motion by delegates to the Fine Gael annual conference earlier this month.

But *Fine Gael* is normally a disciplined, not to say submissive, party and the real danger lies in the Labour Party. There is growing concern about *the Government's slowness in* implementing the full range of promised socialist reforms, and bitterness over its hardline attitude to the trade unions. Labour's *Left-wing is also un*happy with the coalition's tough law-and-order stance, which although intended to deal with the Provisional IRA is seen as an erosion of civil liberties. Mr. Cosgrave has many fences to mend before he can willingly face a general election, and an economy to repair.

Mr. Liam Cosgrave

Communist summit plan still facing difficulties

BY PAUL LENDVAI — VIENNA, May 25.

STATEMENTS just issued by the Yugoslav, Romanian and Spanish Communist Parties indicate that despite optimistic reports from Soviet sources the conflict over the character and purpose of the projected Communist summit of 29 European parties has not yet been resolved and that the editorial commission scheduled to meet on June 8 in East Berlin is unlikely to be able to agree on a *final* draft of the conference document.

The Praesidium of the Yugoslav Communist Party last night issued an indirect warning that *Yugoslavia would not participate* in the conference if agreement or concensus is not reached. The statement claimed that despite "certain progress" achieved in preparing a *draft document* a number of essential questions remained open." It was necessary to draft a document acceptable to all participants yet taking into account the existing differences of views of individual parties on certain issues, the Praesidium said, and added that solutions can be reached only on *the basis of respect for the prin*ciples of concensus.

The Yugoslavs and also the Romanians have rejected a compromise proposal put forward by the French Communist Party at the last preparatory meeting at the *beginning of May which* suggested that, while signing the final document, each party would be permitted to disassociate itself from those parts it finds unacceptable. It is understood that the Yugoslav stand is firmly *supported* by the Romanian Communist Party and also by Spanish Communist leader Sr. Santiago Carrillo who last week conferred both with Marshal Tito in Bel*grade and Romanian President* Ceausescu in Bucharest. In a lengthy statement Carrillo and Tito bluntly stated that there could be no question of a revival or of the existence *of any kind* of international leading centre in the Communist movement and that co-operation between the parties was *incompatible* with *claims to primacy or interfer*ence in the internal affairs of individual Communist Parties.

They also spoke out against the condemnation or criticism of other parties (meaning China) at international meetings. *These statements are said to be* part of a seven-point list of proposals the Yugoslavs submitted at the last meeting of the preparatory commission. According to Yugoslav sources these involved a firm opposition to *Moscow's concept of "proletarian internationalism"*

The statements issued during the week-end after Carrillo's meetings with Tito and yesterday after his talks in Bucharest pointedly omitted the term proletarian internationalism and used instead the new phrase of "international solidarity." The joint statements in Belgrade and Bucharest signed by the Spanish leader *and his host* failed to make any reference to the projected Communist conference and stressed instead that co-operation and friendship of Communist Parties *must* be based on full equality, non-interference and the right of each party to work out its own *political line*.

In view of the determination of these three parties not to yield on *major points* of ideology and procedure, East European sources here think it *improbable that the full dress* conference could be opened soon *after* the crucial Italian elections on June 20, in East Berlin.

Pravda rebukes Mr. Mason

BY OUR OWN CORRESPONDENT — MOSCOW, May 25.

THE SECRETARY of State for Defence, Mr. Roy Mason, came under fire *from Pravda* to-day for allegedly juggling figures on Soviet military spending.

A sarcastically worded article by the newspaper's London correspondent *accused Mr. Mason* of fomenting anti-Soviet hysteria in a bid to block suggestions by *the Labour Party* Executive Committee to reduce Britain's defence budget.

On the eve of the sitting of the Committee to consider the *matter*, *Mr. Mason* "demonstrated his mathematical and acrobatic abilities" by claiming *that the Soviet Union in fact* spends three times as much on military affairs as is stated in its budget, according to Pravda.

But the newspaper asked where *the State Secretary* had obtained the figures—"in London rather than Moscow"—and how they had been calculated.

Kissinger and the Pope supported

ROME, May 25.

SIG. GUIDO CARLI, *former* governor of Italy's Central Bank, said in a front-page article published to-day in Corriere Della Sera that Dr. Henry Kissinger and Pope Paul had not only the right but "the moral duty" to *state their opposition to the ris*ing power of the Italian Communist Party.

Sr. Carli, who does not hold any official position since his resignation a year ago from the bank, asked why critics of the *U.S. Secretary of State* and the Pope were willing to accept their comments when they favoured the centre-left coalition, but not now when they oppose the Communist Party.

The Christian Democrats should not have to bear the full blame for Italy's economic problems, Sig. Carli said, since many of the problems were structural. AP-DJ

Australia increases defence spending

By Kenneth Randall

CANBERRA, May 25.

THE Defence Minister, Mr. James Killen announced today that the Australian Government had approved a defence expenditure programme of $A12bn. over the next five years, starting with an increase between 5 per cent. and 6 per cent. in real terms in the next budget, due to be presented in August.

Mr. Killen said there had been a significant rundown in Australian defence capability under the Labour Government in the past three years and that the nation was going through "a fundamental period of transition with respect to its defence obligations."

Defence spending in 1976-77 will be about $A1.9bn., about $A300m. above the current year's total. Training activities in all services will be stepped up and the Government has ordered a complete review of the industrial back-up capability available to the services.

Although to-day's statement was notably short on specific new spending proposals, its timing was significant in the light of forthcoming visits by the Prime Minister, Mr. Malcolm Fraser, to Tokyo, Peking and Washington.

Mr. Fraser's pre-election policy statement declared bluntly that "the first and fundamental purpose of Australian foreign policy should be . . . to ensure the security and integrity of Australia" and scoffed at the former Labour Government's "naively optimistic and questionable assessment of the international political scene," including detente.

Mr. Fraser believes a greater effort towards military self-reliance is a necessary premium on the insurance of the American-Australian Alliance for which he will be seeking a formal restatement of support from President Ford in July.

His virulent opposition to Soviet expansionism in the Indian Ocean region, and the belief that it must be balanced by an American presence, has put Mr. Fraser more onside with the Chinese leadership than was expected in the light of his anti-Communism and conservatism.

PALESTINIAN RELATIONS WITH ASSAD AT NEW LOW

Syria in dilemma over Golan

BY RICHARD JOHNS, MIDDLE EAST EDITOR

DAMASCAS, May 25.

PRESIDENT HAFEZ ASSAD will hol dtalks with Dr. Kurt Waldheim, UN Secretary-General, here to-morrow as part of the build-up to what most observers regard as the almost inevitable renewal of the mandate of the UN disengagement observer force on the Golan Heights.

There is little doubt that Syria, heavily embroiled in Lebanon, will agree to a further six-month extension but it badly needs to gain some kind of concession for it on behalf of the Palestians.

Promise

The most likely condition would be a promise by Dr. Waldheim of a commitment by the Security Council for follow-up action to the resolutions of the Committee of 20 established to help advance the rights of the Palestinians.

This morning the Damascus Press said there would be no bulletin after the talks with Dr. Waldheim and nothing would be said about them publicly until next Tuesday—the day after the expiry of the present mandate. President Assad is playing his cards very closely to his chest but it is taken for granted by diplomatic observers here that Syrian consent to a renewal will be delayed until the last possible moment.

The mainstream of the Palestine Liberation Organisation an dits leader Mr. Yassir Arafat have been bargaining a modicum of co-operation with Syrian mediation in Lebanon against maximum concessions for the movement in return for renewal of the UN mandate. Now with only *six* days to go to the deadline they have little scope for bargaining.

The other basic factor in the situation is the opposition within the ruling Arab Socialist Baath Party to the leadership's policy in Lebanon which has brought it into confrontation with Palestinian and Left-wing forces. This criticism at home makes it imperative for President Assad at least to appear to be as tough as possible. It also constitutes the reason why a renewal cannot be considered absolutely certain.

Syria has written off for the time being the reconciliation summit that Saudi Arabia and Kuwait have been trying to arrange because of Cairo's refusal to discuss its second disengagement agreement with Israel.

This was revealed here by highly placed Government sources following President Assad's meeting on Sunday with Prince Saud Bin Feisal, Saudi Foreign Minister, and Sheikh Sabah Al Ahmed, Kuwaiti Foreign Minister.

Syria was prepared to send its Prime Minister, Mr. Mahmoud Ayyoub, to discuss with the other premiers its differences with Egypt over the Sinai pact concluded last summer and to seek ways of settling them, according to the sources.

Toppled

Our Middle East staff writes: Relations between the Palestinian guerilla movement and Syria have reached such a low ebb that highly-placed sources within the PLO are now openly saying that *if President Assad does not pull* back from his present course in Lebanon he could—and should—be toppled.

Reports reaching London from Beirut yesterday spoke of heavy fighting between elements of Al Fatah — the main grouping with the PLO — and Al Saiqa, the increasingly powerful Syrian-backed group.

While observers feel that the possibilities of a coup against President Assad are remote, the inter-Palestinian fighting is regarded as the most serious sign yet of the deep split between two of the staunchest allies in the Arab world.

Several people were killed and others wounded early on Tuesday in the inter-Palestinian fighting at the port of Sidon, 18 miles south of Beirut.

The leadership of the PLO is now implacably opposed to Syrian involvement in Lebanon and has—for the time being at any rate—sided with the left-wing alliance headed by Mr. Kamal Jumblatt which wants Syria to withdraw all its troops from Lebanon.

L. Daniel writes from Jerusalem: Israel will reconsider her agreement to the extension of the UN mandate on the Golan Heights if Damascus makes its extension dependent on other *questions, such as the Security* Council debate, as she did last November, the Israeli Foreign Minister Allon said last night.

It is felt in Jerusalem that Dr. Waldheim's visit to Damascus is unnecessary since extension of the mandate should be automatic until a new agreement is reached between Israel and Syria.

● Dr. Kissinger arrived in London yesterday to attend the meeting of Foreign Ministers of the Central Treaty Organisation (Cento), of which the U.S. along with Britain, Pakistan, Iran and Turkey is a member.

East African Community pays debts

By John Worrall

NAIROBI, May 25.

THE EAST African Community debt crisis, which prompted the World Bank to suspend $50m. in loans, is over for the time being, after a flying visit to Nairobi, Dar-es-Salaam and Kampala by the Secretary of the World Bank, Mr. P. N. Damry.

All the outstanding debt repayments, some $750,000, have now been cleared by the East African Railways, East African Harbours and the Posts and Telecommunications Corporations.

A source close to the World Bank said to-day that it was not lack of money to repay debts that had been the problem. It was rather a lack of goodwill and planning among the three partners in the East African Community

U.S. welcomes Cuba 'pull-out'

BY ROBIN REEVES

LUXEMBOURG May 25.

THE DECLARED intention of Dr. Fidel Castro, the Cuban leader, to begin the withdrawal of Cuban troops from Angola was given a cautious welcome here to-day by Dr. Henry Kissinger the U.S. Secretary of State.

While describing the news as "a positive development," Dr. Kissinger stressed that the U.S. would be satisfied only when all Cuban military forces had been removed from the area.

The Secretary of State confirmed that he had learned of the intended withdrawal from Mr. Olaf Palme, the Swedish Prime Minister, during their discussions in Stockholm yesterday. In a letter received four days ago Dr. Castro had asked Mr. Palme to inform the U.S. authorities of Cuba's decision to start withdrawing its military forces from Angola at the rate of 200 troops a week.

According to reports from Stockholm, the letter also promised that Cuba will not use the *troops anywhere else in* Africa or Latin America.

But Dr. Kissinger, who was speaking after his talks with M. Gaston Thorn, Luxembourg's Prime Minister, cautioned that the letter contained only the implication of an eventual total withdrawal of combat troops. It had not given a precise figure of the overall numbers involved or the types of military personnel to be withdrawn. He said that the U.S. was now making its own checks in order to provide further confirmation.

The number of Cuban military personnel in Angola is estimated at between 12,000 and 15,000 men. Withdrawal of 200 a week could take 14 to 18 months.

Jane Bergerol reports from Lunada: Mr. Lopo de Nascimento, the Angolan Prime Minister in the Soviet Union on a State visit, is reported as having said at Lagos airport that certain units of Cuban troops are leaving Angola.

Apart from a brief Press statement, there has been no official comment in Angola on the reports.

Our Moscow correspondent writes: Two days of Soviet-Angolan talks believed to have centred on military affairs ended to-day in the Kremlin. A dispatch by the official Tass news agency gave only scanty details.

The presence of Mr. Dimitri Ustinov, the new Soviet Defence Minister, prompted diplomats to suggest that Soviet arms for the new African nation and Black Africa's strategy against White-minority governments in the continent figured prominently in the negotiations.

The Botswana railway, Page 29

Soviets and Israelis in diplomatic contacts

Although no diplomatic relations have existed between the Soviet Union and Israel since the USSR broke them in 1967, there have been a number of contacts recently. One was a discussion between the Soviet and Israeli ambassadors to the UN, writes L. Daniel from Tel Aviv.

The newspaper Maariv reported yesterday that a Russian diplomat in Washington appeared unexpectedly at the Israeli Embassy there two days later and asked to see an Israeli diplomat concentrating on Middle East affairs. No specific issue was discussed, Maariv said, but the Soviet diplomat reportedly suggested a continuation of the dialogue.

Official Jerusalem is very reticent in its reaction to this, but one official said he thought that the contacts might represent a Soviet attempt at a dialogue on a level that did not obligate the USSR to renew its diplomatic ties with Israel.

Disputed oil

U.S. Commerce Secretary, Elliot Richardson said yesterday that a Korean offshore area where Gulf Oil is said to have decided to relinquish its oil concession "is an area of potential international dispute."

He said that Washington "is concerned that there should be worked out some resolution of the question of territorial or jurisdictional claims between Korea and other countries," to the area.

The area in the East China Sea, known as block four of the Seoul-claimed continental shelf, is also claimed by China, which previously has warned against oil exploration in the general area by third countries without Peking's consent.

Miki refusal

Prime Minister Takeo Miki, of Japan, said yesterday he will not step down until the Lockheed payments scandal is cleared up, UPI reports from Tokyo. "I'll absolutely refuse to give up my duties" to clear up secrets of the scandal that has rocked his party.

Philippines floods

The Government yesterday ordered the evacuation of thousands of people in two widely separated areas of the Northern Philippines after a large stretch of dyke collapsed and a major river overran its banks, Reuter reports from Manila.

President Ferdinand Marcos declared Luzon, which includes Manila, a calamity area. Tyhoon Olga, now out over the South China Sea, has left a trail of destruction and at least 53 dead.

Guerillas in Eritrea braced for 'invasion'

BY GWYNNE ROBERTS

ERITREAN GUERILLAS—short of weapons and ideologically split—are bracing themselves for an invasion next month by an estimated 40,000 armed Ethiopian peasants.

The rebels are expecting a four-pronged assault with attacks launched simultaneously from Ethiopian garrisons inside Eritrea, from units landing along the Red Sea coast, and from peasants attacking on two fronts across the Eritrean border.

The two Eritrean guerilla movements — the Eritrean Liberation Front (ELF) and the Popular Liberation Forces (PLF)—are stretching their defences to protect the civilian population and deploying their 20,000 men throughout the province, according to Eritrean sources.

Guerilla representatives, who have just returned from Eritrea, see the offensive as a desperate attempt to re-establish control in a province where, after 14 years of sporadic fighting, the guerillas are pressing in on the army in all the major towns.

The Eritreans see such an army as a revival of a tactic used throughout Ethiopia's 2,000-year history to control unrest in outlying provinces.

Arms purchases

An estimated 40,000 peasants—many poorly armed—have reportedly been sent to Eritrea's borders aboard commandeered buses and lorries. They may be joined soon by another 120,000 irregulars.

Unconfirmed reports of major purchases of smallarms by the Ethiopian Government are growing. One problem the Ethiopian offensive will face is the early arrival this year of the rainy season which will hinder a co-ordinated offensive.

The campaign comes at a crucial time for the guerillas. They are facing their greatest test, with funds and arms stocks dwindling. Attempts to unite the rival wings of the guerilla movements have also foundered, but on a purely military plane, both groups are likely to increase local co-operation in view of the common threat they are facing.

Eritrean guerilla representatives have disclosed that arms supplies from the Middle East have been withheld from the more radical Marxist PLF as a result of an internal dispute between its field commanders and its former Beirut-based foreign relations Chief Osman Saleh Saheh.

In the past, the PLF could draw its support from Iraq, Saudi Arabia and Kuwait but now is living on supplies stored during the past three years. A major campaign could quickly exhaust its munition stocks.

The Ethiopian Government is pursuing a two pronged strategy towards the Eritreans. On the one hand it is mounting the military assault; at the same time it is holding out the carrot of an offer to start talks with the Eritreans, but not with Eritrean organisations which are in collusion "with feudalists, reactionary forces, in the neighbourhood and imperialists." It has hinted that the talks could lead to a looser federal structure for all the different nationalities inside Ethiopia, including the Eritreans.

The initiative's timing catches the PLF in political disarray. The ELF is thought to be at full stretch supplying its troops in central Eritrea and distributing food to the Eritrean peasants. It does have, however, large reserves of men near Eritrea's border with the Sudan who will be ready for the campaign.

The mobilisation of the peasants' army appears to be a gamble to settle the Eritrean problem finally. It would then be possible for the Government to turn its attention to the many other revolts taking place in other provinces of the country, and to devote itself to the problem of the long border with Somalia.

Somalia not only claims a large part of south eastern Ethiopia but also has hopes of influencing the Territory of the Afars and Issas (Djibouti) which may become independent of France later this year. Djibouti is of crucial importance to Ethiopia because it is the outlet of the only railway link with the sea.

Industry must play role in politics—Howe

BY RICHARD EVANS, LOBBY EDITOR

SIR GEOFFREY HOWE, Shadow Chancellor of the Exchequer, last night urged leading financial institutions and shareholders to play a much more active political role.

His argument, which has the full backing of Mrs. Margaret Thatcher the Tory leader, was that private enterprise should campaign more aggressively to ensure that relations between Government and industry were constructive and not stultifying to economic progress.

Sir Geoffrey, speaking at the European Conference arranged by the Administrative Staff College, the Confederation of British Industry and the European Cultural Foundation, outlined 12 principles which he felt would restore in the U.K. "the immense beneficient dynamic of the mixed economy, on the basis that the best mixed economy is the one that is most free."

One of his arguments was that "the powerful and talented group of people who manage the institutions that control so much of the nation's wealth must be led to play their full part in political debate as well as in the economy."

Lame ducks

"They should insist upon effective representation through the National Economic Development Office. And if they did not wish to see the State usurp their rights as owners of industry, they must devise mechanisms that would allow them to play an effective role in supervising industrial management.

Increased representation was essential because it was one of the functions of ownership to question the management of lame ducks when they first began to limp. "Is that not what annual general meetings are supposed to do," Sir Geoffrey asked.

Politicians who sought to champion the merits of capitalism found it difficult to explain to pensioners who had lost their savings why more expert shareholders did not act in time to protect their investment.

Equally, much more had to be done to promote confidence and understanding between Government and industry and the NEDO should be the nucleus of this effort.

"Certainly I do not have in mind an extension of intervention and control by the State—still less the establishment of a corporate State. But we should be foolish to ignore the fact that no modern capitalist economy, from America to Japan, expects its industries to compete with heir international rivals in total solation from Government."

Each capitalist nation had evolved a relationship with ndustry which recognised the nterdependence of industry nd Government.

Argument

A paramount political objective should be the need to overome, by argument and erformance, those who continue argue for the creation of lmost total State control of idustry But this opinionorming task was too important nd too large to be left to the oliticians alone.

Adrian Hamilton writes: A arning that the U.K. and such oups as British Steel can no nger go on purchasing their ucial mineral supplies on a ort-term basis as they have in e past was given to the conference by Mr. R. W. Wright, a director of Rio Tinto-Zinc Corporation.

In a strongly-argued conference presentation, he suggested that the U.K. in co-operation with other EEC members would have to follow the example of Japan in tying up long-term contracts in view of the growing cost and lead-times involved in opening up new mines and the changing attitudes of the raw material supplying countries.

Positive

For generations the U.K. had access to minerals, "first from the Empire and then the Commonwealth countries, and we have not seen the need to take a more positive attitude towards ensuring our future supplies . . .

"The British Steel Corporation is perhaps the largest single buyer of a whole range of minerals in the country, and yet it has virtually no tied sources of supply. For historical reasons it is probably the only steel company of this size in the world that has not integrated backwards into its vital raw materials.

"Our copper fabricating industry is one of the largest in Europe, but again has no long term supply arrangements and no tied sources of supply."

Urging a solution along European Community lines, Mr. Wright argued that the "U.K. and indeed all the EEC countries are individually small consumers of metals compared with the U.S. and Japan.

"But if in some way we could, within the Community, integrate our purchasing power then our whole position would be strengthened and we would have much to offer the producing nations."

Mr. Wright's speech was presented on the first day of a two-day conference on "strategies for industry" organised in London.

His views, although partly reflecting the arguments by major mineral companies for long-term financing arrangements with customers, come at a time of increasing concern over the future developments in raw materials both at international and national level.

Unjustified

While suggesting that fears about metals supply were unjustified for most metals "except perhaps aluminium, for the next few years unless there is a major and sustained upsurge in world trade," he predicted that prices would rise in real terms.

He added: "We could face a shortage of some metals during the present or subsequent upturn in the business cycle, once the incremental expansion and the present generation of new mines have been absorbed."

The various international initiatives being discussed at the current UNCTAD meeting were welcome, but, he asserted, "cannot be regarded as providing a policy designed to meet the Community's specific problems and requirements, which are totally different from those of the other industrial nations."

Other speakers at yesterday's conference session included Mr. Leslie Murphy, deputy chairman of the National Enterprise Board, who stressed NEB's role as a provider of equity and risk finance; Mr. M. Trowbridge of the Chemical Industries Association; and Dr. Edmund Stillman, of Hudson Research Europe.

Honeywell gives Scottish plant £130,000 boost

BY CHRISTOPHER LORENZ, ELECTRONICS CORRESPONDENT

NEYWELL yesterday anunced a £130,000 investment ogramme to upgrade the ciency of its microswitch divin at Newhouse, Lanarkshire.

More significant than the project's cost was the U.S. company's statement that it underled its continuing commitment Scottish production. Honeyll has cut its Scottish labour rce several times over recent ars.

The new programme does not volve an immediate increase jobs, but Honeywell said it ped this would follow. It sees "growing business opportunities" flowing from the recovery in most European economies and from the introduction of new microswitch products in the coming months.

The programme involves the consolidation of work from three buildings into one by the end of this year. This was not a retrenchment, Honeywell emphasised.

The factory side of microswitch division employs about 800 people, and Honeywell's total Scottish labour force is about 2,500.

Restore incentives next year, says Adamson

BY ADRIAN HAMILTON

IE PRESENT rigidities of pay d price restraint must go en the second phase of the vernment's counter-inflation licy ends next year, Sir mpbell Adamson, retiring rector-general of the Conderation of British Industry, ld a Belfast audience yestery.

Pursuing the CBI's vigorous mpaign to improve the financl lot of middle management, declared that "people in insty at all levels need incene if they are to give of their st.

"But for the decision makers, the manager, incentive is something more. It is one of the calculations that go into the measurement of risk.

"Why should a manager put in hand a difficult expansion programme, take on a particularly tough assignment, put his career at risk when the personal rewards for risk taking are no higher, and frequently much less, than if he opted for the quiet life and safety first."

Just as the pay policy failed to reward individual initiative, so the price code failed to reward corporate enterprise he asserted.

Quicker for commuters

IE FIRST phase of British il's Great Northern suburban ectrification between London d Royston will be complete November 8 with the introction of electric trains been Moorgate, Welwyn Garden ty and Hertford North, it was nounced yesterday.

Up to 15 trains an hour will n at peak times.

The trains will operate over w lines between Drayton Park d Finsbury Park, linking the Northern City line to Eastern Region's main lines.

Services will then run directly for the first time between Moorgate and Welwyn Garden City and Hertford North, Hertfordshire. Electrification would save up to 15 minutes, British Rail said.

Electrified services between Kings Cross and Royston, completing the overall electrification project, are due to be introduced in autumn next year.

Guyana will pay £10m. to Booker

By Keith Lewis

BOOKER McCONNELL, the international commodity and trading group, is to be paid approximately £10m. as compensation for the nationalisation of its trading assets in Guyana.

It was known in February that talks with the South American Government were about to take place, though serious negotiations did not begin until the end of March.

The compensation compares with a valuation placed on the assets of over £19m. However, Booker said yesterday that the assets would have yielded a loss in the current year because of the export levy. In 1975, Booker made an attributable loss of £784,000 on its estates in Guyana after the payment of a levy amounting to £33m.

Booker McConnell yesterday stated that profits for the current year, minus the effect of Guyana, "should not be much below the total achieved in 1975."

New approach to alcoholism 'can save £5bn.'

BRITAIN had an alcohol-dependent population of more than a million people out of a 25m. working population, Mr. David Adam, a City accountant, told a meeting on alcoholism in the City at St. Bartholomew's Hospital, London, yesterday.

The treatment so far had been repeated admissions to mental hospitals which was proving increasingly expensive, said Mr. Adams. The private sector of medicine should innovate facilities so that alcoholics could receive continuous care without going into hospitals.

Adopting such a practical approach would ultimately save the Health Service about £5bn.

Terry Kirk

Five guides from the London Stock Exchange step out escorted by dealer Stefan Motylinski. They are wearing a summer uniform designed by Hardy Amies. The dresses are in cotton poplin, with short sleeves, two large pockets and belts in coral, banana yellow or black. The guides (pictured yesterday) are (left to right): Alexandra Ker, Elizabeth Poole, Anna Reckie, Thalia Booth-Jones and Patricia Gordon.

Midland prepares for higher charges

BY MICHAEL BLANDEN

CUSTOMERS of Midland Bank will soon face higher charges now that the bank has submitted proposals to the Price Commission.

Midland is the last of the big four banks to move towards higher charges. It is understood that the planned increases will cover both personal and corporate customers.

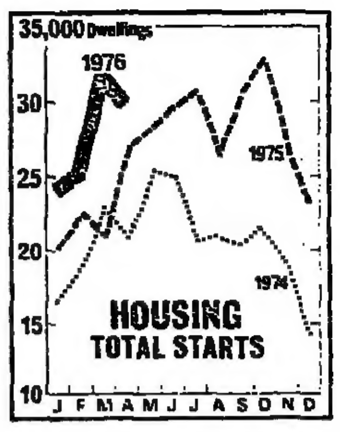
The present Midland tariff gives free banking to personal customers if they maintain their account in credit or keep an average balance of £50 There may now be a rise in the qualification for free banking, and higher charges for individual transactions for the minority of customers who have to pay.

With a 28-day waiting period during which the commission can raise objections, Midland should just have time to implement new charges for the half-year beginning on July 1.

Barclays has recently announced a doubling of its qualification for free banking, requiring customers to keep a minimum balance of £100 or an average of £200 National Westminster, however, has indicated that while raising charges it does not plan to increase the £50 minimum balance which gives free banking.

House starts down last month

BY QUENTIN GUIRDHAM, PROPERTY CORRESPONDENT



THE NUMBER of new houses on which building work started in April was at its lowest level, on a seasonally adjusted basis, since the third quarter of last year, according to provisional Government figures issued yesterday.

The drop is mainly in the public sector, where from February to April starts were 14 per cent. lower on an adjusted basis than in the previous three months. There was still an 18 per cent. rise overall on a year before.

Starts totalled 30,000, with 15,500 in the public sector and 14,500 private. The number of completed homes was 25,500, with 14,000 of these in the public sector.

New fall feared

While the drop in public-sector starts was expected, there are fears that private housebuilding activity will repeat last year's pattern with a fall towards the second half of the year.

March figures showed the highest level of starts since 1973, but the provisional April figures are below these on both actual and adjusted bases. It is thought the March total may have been artificially boosted by builders anticipating the proposed starting date for Development Land Tax.

Last year work started on a total of 148,000 private homes. A Department of the Environment survey this month suggested that this year's total would reach 160,000. Housebuilding bodies now say that this figure may be in doubt, although it represents an industry running at only three-quarters of capacity.

Taking the adjusted figures on a three-monthly basis, the total starts in February to April were 6 per cent down on the previous three months. Total completions were down 1 per cent., but 5 per cent. up on a year ago.

More demolitions

House renovation grants for England and Wales in the three months showed a slight drop to 19,900 Final figures on the first quarter show a similar drop, though the totals for the whole of Britain show a marginal rise to 45,500.

Slum clearance totals for the first quarter show 13,200 homes demolished or closed, against 11,400 last year. Building starts by housing associations showed at another record total of 6,830 in the first quarter, the equivalent figure last year being 3,724.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● HEATING

Encouraging the use of solar power

THERMASOL solar heat collectors have been accepted for Design Index, the manufacturer—Consumer Power Company—reports. It is the first of its group in the manufacturing industry of the U.K. to reach such a position.

Two years' design work in collaboration with Wickham, Bell Associates lie behind the concept and the units have been extensively tested both at the plant and in actual installations. Savings in electricity have been shown to lie between 1,000 and 1,200 units per year and per panel—say between £20 and £25 a year.

Each panel is capable of extracting 1½ kWh (over 5000 BTU/hr) in bright sunshine at an ambient of 70 degrees F.

Even in overcast conditions, sufficient infra-red is absorbed to make the panels interesting.

Recommendations by the company are that to supplement existing hot water installations, two panels should be used for each 30 gallons of hot water storage. Such an installation, with its two panels, indirect cylinder separately installed and controls and pipework could be set up for £350—excluding any necessary building work.

On the face of it, amortisation would take about seven years but traditional fuel prices are still escalating and in the final analysis, any means of cutting their use is welcome.

Roof, wall or ground level installation can be chosen to suit the site and thereafter no maintenance other than occasional cleaning of the facing glass is required.

Consumer Power is at Thaxted Road, Saffron Walden, Essex. (0799 22220).

Hot water ad lib

A CENTRAL solar-fuelled system has just started operation at the Neptune Hotel, Eilat.

Miromit, Hayarkon Street, Tel Aviv, which designed, produced and installed the system to serve all the hot water needs of the 100-room hotel, believes that it will lead to big savings in oil costs for hotels in resorts throughout the world.

The 80 glass-enclosed sun collector plates cover a 160-square-metre area and supply 300,000 kilocalories over the year to rooms, laundry, kitchen, etc. Two 5,000-litre boilers serviced by the plates are located at ground level. On cloudy days the system will operate through a booster from an auxiliary electric unit.

Savings in fuel costs will return the investment within three years, it is believed.

Central installations have also been set up by Miromit at the New Mexico State College and in apartment buildings at bases of NASA.

Meanwhile, Rassco, one of Israel's foremost building companies, and Industrial Development of Israel Company, have announced the formation of a joint company to evaluate the various alternative methods of harnessing the sun's energy to those currently employed.

● PACKAGING

Packaging film plant expansion

A £200,000 expansion programme has been announced by Filmco International Inc., British subsidiary of R. J. R. Archer Inc., of Winston-Salem, U.S. The company, which claims a major share of the U.K. market for pvc packaging films, is purchasing a 22,000 square feet factory adjacent to its existing 46,000 square feet headquarters in Sedgefield, Stockton-on-Tees.

In addition, the company is to install new extrusion and ancillary equipment costing some £75,000 which will boost its production capacity by about 20 per cent.

Filmco claims to supply 60 per cent. of the U.K. market for pvc food packaging films and 20 per cent. of that for industrial shrink films. In addition to meat wrap, produce wrap and shrink films, the company manufactures portable wrapping stations for catering establishments and cling and stretch films which are supplied to converters for making consumer products.

● INSTRUMENTS

Ultrasonics help remove body fat

A SURGICAL development, which may well have applications in industry, uses an ultrasonically driven hollow needle to remove excess adipose tissue.

Body fat is compliant, that is, it tends to slide away from a cutting edge, which makes surgical excision difficult. The operation also tends to leave "quilting" of the skin and unsightly scarring.

Assisted by a vacuum pump, the hollow needle is vibrated at high speed by the ultrasonic drive. This breaks up the fat, and at the same time seals small blood vessels (probably by frictional heat cauterisation.)

The inventors say that to remove a "spare tyre" from the waist would probably take four insertions of the needle. Adipose tissue cells thus removed do not regenerate. The operation is reported to be painless and swift, similar to a blood donor session. The equipment is now under extensive clinical trials.

Because the light, portable machine requires careful servicing it will be available on lease only. Manufacture of the equipment *is in progress, but the* inventors are still looking for a suitable leasing company.

Details from Mr. K. S. H. Clarke, 35, Ganghill, Guildford, Surrey (0483 62626).

● HANDLING

Floats ship sections

AIR CUSHION handling of heavy sections in works and shipyards is gaining in popularity and the latest move in Europe comes from Bertin whose modular air cushions have been brought into service in a large shipyard to place 100 ton loads with great precision.

The sections are carried on platforms which are supplied by the company and incorporate four air cushions as well as one pneumatic and four hydraulic jacks, supporting a positioning top board moving on an oil film.

The platforms at rest are only 12 cm tall. When a section is to be moved, it is first lowered on to a platform, the air cushions inflated to move the section to its place and then use is made of the jacks to approach the final position with fine movement laterally aided by the oil film.

Bertin has built 12 such platforms after a trial period with four prototypes, the sections to be handled measuring 25 x 15 metres.

Bertin and Cie, BP no. 3, 78370 Plaisir, France.

● WELDING

Weld fumes removed

MUCH of the fumes resulting from gas-shielded semi-automatic welding can be removed at the gun using a fume extraction system developed by GKN Lincoln Electric.

Fumes are drawn into a collector shroud which is clipped to the welding gun nozzle and a lightweight hose takes them to the unit pre-filter which has a 92 to 99 per cent. efficiency peak in the five micron range (to BS 2831). This arrangement prevents the flow of particles into the exhauster unit, preventing damage to the impellers. A post-filter comprising a replaceable two-stage patented element to give an efficiency up to 99.5 per cent. can be fitted to remove any remaining particles.

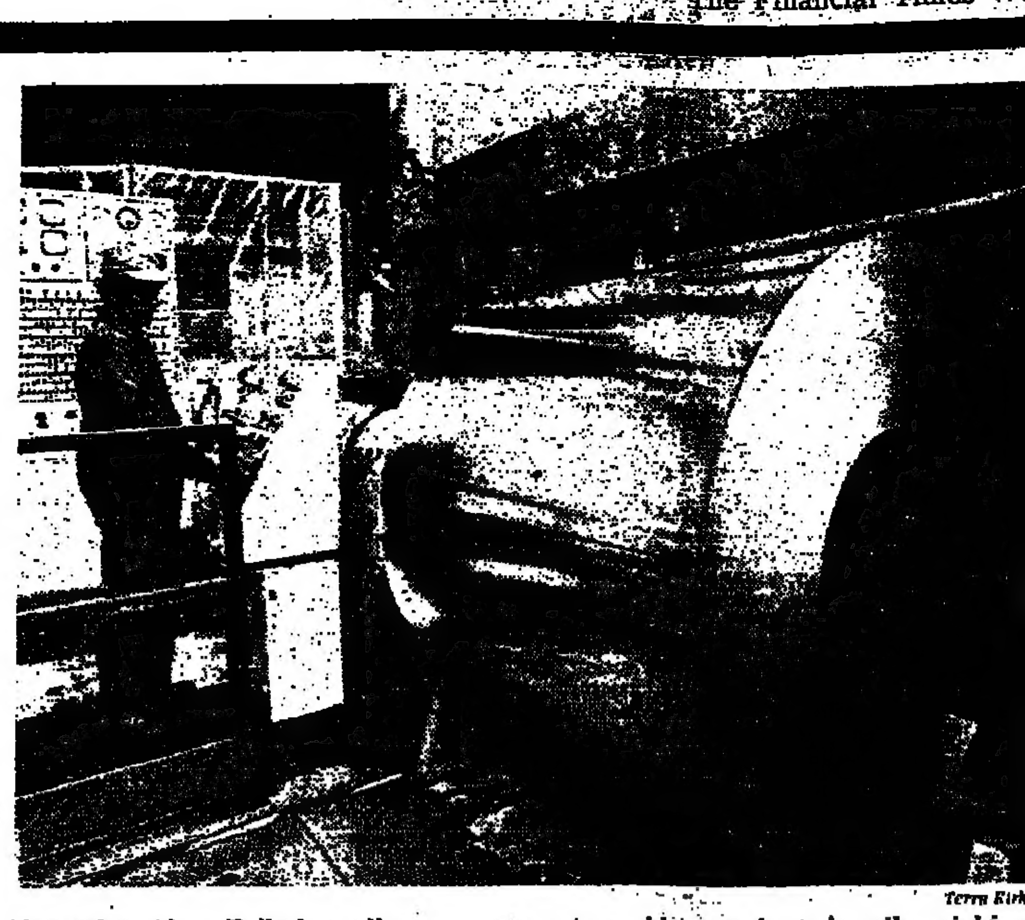
The extractor, designated FE2, is adaptable for use with collector hoods when "stick" welding is being carried out. One, two and three horse power versions are available. More from Black Fan Road, Welwyn Garden City, Herts. (Welwyn 24581).

● POLLUTION

Swedish interest for Peabody

FROM JUNE 1 Peabody will be taking over the sales activity of the Volvo Flygmotor Environmental Protection Division, based in Trollhattan, Sweden, as well as the West German sales subsidiary, Volvo Umwelttechnik GmbH, Bremen. Volvo Flygmotor will retain an interest through a long-term technical assistance and licence agreement.

The Swedish company makes gas and fume incinerators (based on jet engine technology) which do not have refractory linings—this makes them lighter and cheaper than the conventional type. Together with Peabody combustion equipment, gas scrubbers, and electrostatic precipitators, the equipment will be marketed by Peabody's re-named Swedish subsidiary, Peabody Environmental Systems AB.



Terry Kirk

Yesterday, Alcan Foils formally commissioned a new £5m aluminium foil rolling plant at its Rogerstone works near Newport, Gwent. The three rolling mills, supplied by Loewy Robertson Division of Davy Loewy are capable of producing up to 1,500 metres of foil, 1.5 metres wide per minute in coils weighing about 9 tonnes. A roll is seen here nearing completion. In addition to this investment at Rogerstone, Alcan Foils has spent £1m. over the past 2½ years on its conversion plant at Wembley, north London.

● DATA PROCESSING

More Argus machines for USSR

WITH THE addition of a dual Argus 700 with four discs, VDU's and printers to the Simon-Carves shopping list, Ferranti will have installed eventually at the Nizhnekamsk truck tyre factory that Simon-Carves is building for the USSR as many as 15 of its compact process control machines.

The latest order will use software produced by SPL, a Simon Engineering company, in CORAL 66, the U.K. Government-backed high level language for control applications.

The intention is to control automatically a raw materials warehouse, the computers keeping track at all times of the various types of goods coming in and their location against picking orders.

SPL is to work with the Ferranti team on this complex project which is for completion by February, 1978.

High speed retrieval

NOW OPEN at 380, Harrow Road, London W9 2HU (01-286 6044), is a demonstration centre and showroom displaying the latest microfilm equipment from 3M United Kingdom, including the laser beam computer-output-on-microfilm (COM) recorder.

Among the new machines is the 3401 wide document cartridge camera capable of accepting original material up to 15½ inches wide for transfer to 16mm cartridge microfilm. An automatic feed mechanism will handle computer print-out. Up to 4,000 A4 documents can be recorded on a 100ft. microfilm cartridge, with each document given an individual code. The code can be used by 3M reader-printers to select the relevant document at high speed and provide a hard copy.

Using the company's new carousel microfilm file and a 500 C page search reader-printer, 3M claims that a semi-skilled operator can locate and print a copy of microfilmed material from a collection of about 1m. documents in under 30 seconds. The carousel is in modules each holding 60 16mm cartridges—a total of ten modules can be assembled. The carousel will also store 35mm cartridges.

BOC unit is still acquiring

BOC-DATASOLVE, already the largest of the independent bureaux, is expanding still more with the acquisition of the 1902A computer previously run by Berol of Kings Lynn and the transformation of this unit into a Datacentre.

Berol will not lose out since the bureau will be providing it with more powerful facilities than it would have been able to acquire—at least for some time.

BOC has already put the Kings Lynn machine on three-shift working to provide a service to local commerce and industry.

BOC-Datasolve, 9 Rochester Row, London SW1P 2RA (01-828 7868).

Service to brokers

AVOIDANCE of too much capital expenditure and commitment to possibly unalterable systems that cannot cope with growth are main attractions of a computer service to stockbrokers offered by the Gordon and Gotch Computer Group.

Using a Burroughs L9000 visible record terminal, backed if desired by a TD700 large character VDU and keyboard for quick enquiry, the operator keys in the stock code number and client number together with "bargain" details from a sales note. Within seconds a contract is printed out, the necessary data having been drawn, over phone lines, from the bureau's main frame in the City office.

The computers also provide all the data needed to produce list books, ticket and jobber's accounts and to update client ledgers. Statutary information required by the Stock Exchange will be accumulated during the working day and transmitted directly to the Exchange's own computer overnight. The service interfaces fully with the CHARM and bargain accounting computer systems of the London Exchange.

The system is available in four stages, to which a software entrance charge of £500 to £1,000 is made for each stage. Stage one covers basic needs and need not necessarily be on line to the main bureau computers.

Further stages offer more listing, analysis etc., ending with ad hoc portfolio analysis. Charges between 10p and 17p per bargain are made. In addition the broker needs the basic terminal costing about £8,000. More from 32 Scrutton Street, London EC2A 4SS (01-377 9040).

● SMELTING

Ford's blast furnace relined

THE ONLY blast furnace in the European motor industry is back in action to-day, after relining and other improvements totalling an investment of £2½m.

Josephine II, Ford's big furnace at Dagenham, has an annual capacity of 300,000 tonnes of pig iron. The company uses 50,000 tonnes at its Dagenham and Leamington factories, the rest is sold to U.K. and foreign foundries.

Included in the new equipment is a sludge treatment plant for the furnace gas cleaning equipment, which ensures the solids content of the cooling water is precisely controlled before its return to the Thames. New dust extraction equipment has been installed in the coal and coke building.

● LUBRICATION

Lubricates compressors

DEVELOPED primarily for the lubrication of reciprocating air compressors with air discharge temperatures up to 220 deg. C, Corena Oil H has been introduced by Shell U.K. Oil, Shell Mex House, Strand, London WC2R 0DX (01-438 2428).

Included in the oil are additives which provide a high temperature anti-oxidant, (inhibiting formation of carbon), and another which protects against corrosion. Reducing the formation of carbon lessens the fire risk.

Viscosities range from 37 to 45, meeting DIN 51 5—VD-L.

● MATERIALS

Corrosion reduced

DEVELOPED TO inhibit corrosion in high pressure gas transmission pipelines is the Protecto Wrap AC520 leach primer, introduced by A. Long Products, Harbour Road, Rye, Sussex.

Stress corrosion cracking has caused problems in aggressive environmental conditions where both a protective coating and cathodic protection has been used. The primer is intended to prevent corrosive liquid reaching the pipe metal beneath the protective coating.

● CONFERENCES

Minimising damaged electronics

ACCORDING to Oyez International Business Communications, damage to advanced electronic equipment from fire, explosion, water and fraud is more frequent than generally recognised.

To inform those concerned with risk and insurance, the company is organising a seminar entitled "Risk management and advanced electronic equipment" to be held on June 22 at Europa Hotel, Grosvenor Square, London W.1

Speakers will discuss such issues as interruption insurance, cost effective risk improvement techniques, security, technological change, and how new recommissioning techniques can dramatically change the way organisations protect their assets. They will include the managing director of ERA, the security manager of Commercial Union Risk Management, and speakers from Plessey, the Post Office, and NCC. More from Ramillies Buildings, *Hills Place, London, W.1* (01-439 1605).

Buyers to shake off the blues

MACHINE TOOLS are the lifeblood of the engineering industry—many companies are due for a transfusion. This theme and that of replacement strategy are the subjects that form the basis of the paper for the opening session of PEMEC 76, the Plant Engineering and Maintenance Exhibition and Conference.

Staged simultaneously with the MACH 76 international machine tools show in adjacent halls at the NEC Birmingham, it will run from September 27 to October 1.

With upturn in the air, if not yet in the order books, both events are expected to be particularly well attended.

Meanwhile, in the annual report of the Machine Tool Industry Research Association, just published, the director of research, Mr. A. E. de Barr, notes that the trend away from more academic subjects has continued — basic machine design, gearboxes etc.

Automation has taken its place, but between the two there are such topics as reliability, up-time, safety and environmental aspects as well as ease of maintenance which are taking up more and more of the MTIRA's time.

Noise and vibration in particular, are assuming a great deal more importance than in the past and a number of interesting facts on the noise output variations from identical machines have come to light. Simultaneously, simple and effective means have been found of cutting noise by applying a ½ cm thick layer of epoxy-based material to machine panels.

Vibration work has been carried on in close correspondence with the Universities of Southampton and Bristol and a clear indication was obtained that not enough attention is being paid to the effects of shop floor vibrations on the performance of the tools.

MTIRA, Hulley Road, Macclesfield, Cheshire SK10 2NE. (0625 25421.)

● RESEARCH

Switch unit prospects

A MAJOR study of the Western European market for switching components has been made by the Electrical Research Association and is available at £1200 from David Sweet at Cleeve Road, Leatherhead, Surrey KT22 7SA (Leatherhead 74151 ext. 396).

Among the findings is the projection that over £1000m. will be spent on electromechanical and electronic switching in the EEC in 1980. Devices covered include contactors, relays, sensing switches, timing devices and their solid state equivalents. Markets studied include process control, industrial machinery, vending and gaming machines, land transport, office and data processing equipment, mechanical handling, building services and domestic appliances.

One point to emerge is that electromechanical switches, often thought to be on the way out, will show a 24 per cent. increase between 1975 and 1980; during the same period solid state sales are expected to double.

● We have been asked to point out that the IBM data processing division and general systems division price cuts referred to on the page yesterday do not apply in the UK.

HOME NEWS

Wool textiles industry seeks new aid scheme

BY RHYS DAVID

IE GOVERNMENT is con-lering proposals from the ool Textile Industry for a new nited Industry Act aid scheme replace the one which has st ended.

The industry, which received 3m. in aid towards rebuilding d re-equipment projects under e initial scheme—the first of a ries launched under the 1973 dustry Act—is hoping the easury will agree to a much aller sum being made avail-le to enable rationalisation to ntinue.

The latest proposals, likely to discussed shortly at a meet-g of the Wool Industry onomic Development Com-ttee, are thought to involve lping smaller concerns and on rther aiding mergers within e industry.

The approach comes at a time rising optimism within the dustry, which is beginning emerge from the recession of e last two years. The dustry's first scheme was iginally set at £15m. but ex-nded to £18m. to cover out-nding applications.

Mr. Michael Roberts, chairman the Wool Textile delegation, told the annual Press conference in Bradford yesterday, of a strong upward trend in business in the first quarter of 1976. Wool consumption had increased by 14 per cent. over the same period last year and production of wool tops (combed wool) was up 23 per cent.

Most of the increased demand came from export markets with total wool textile sales abroad in the first quarter up nearly 30 per cent. over the first quarter of 1975.

The industry was still concerned, however, at the continuing impact of low cost clothing imports on its home cloth sales. Mr. Roberts hoped the Government's new restrictions, including limits on suit imports from the Comecon countries, would begin to make their effect felt over the next few months.

But he said that because of the imports and the recession the industry had lost production capacity and workers who would be required when demand returned to normal levels.

In export markets the industry would continue to press for the removal of high tarriff barriers.

Mr. Philip Brook, chairman of the National Wool Textile Export Corporation, said the industry was hopeful of gaining support from the American Association of Clothing Manufacturers which was suffering because of the very big hduty imposed on wool cloth in the U.S.

American clothing manufacturers were unable to buy high-quality wool cloth at home, yet a duty of 38 per cent. plus 37½ cents per pound was being imposed on imports of U.K. cloth. As a result U.K. exports to the U.S. were at their lowest for some time.

With the industry recruiting again as a result of rising demand, discussions on the introduction of a formal careers structure have been started with trade unions.

The scheme, which was delayed because of the recession, will offer an integrated approach towards training within the industry and is likely to be presented in the next few months if agreement with the unions is reached.

The industry's training Board will help employees to equip themselves with technical qualifications.

Disguised business selling attacked

By Arthur Smith

DISGUISED business sales are misleading and against the interest of consumers, claims an official report published yesterday.

The attack on such practices as a trader placing a newspaper advertisement suggesting that the seller is a private individual comes from the Consumer Protection Advisory Committee.

The Committee supports the Director General of Fair Trading's proposal that the Prices Secretary should prohibit business sellers from publishing advertisements which do not make it clear, either by the wording or context, that goods are being offered in the course of business.

Action to implement the recommendations of the Committee, set up to carry out investigations for the Director-General of Fair Trading, has been promised by the Government

Furniture

The Committee was asked in March last year to investigate situations where, in the absence of a clear indication that the publisher of an advertisement was a trader, the consumer was likely to assume he was a private individual.

Goods which tend to be advertised in this way include second-hand cars, furniture and electrical appliances. A similar kind of advertising is where traders make use of notice boards in newsagents' shops.

The Department of Prices and Consumer Protection has said that it hopes to take action soon to implement the Committee's proposals.

Disguised Business Sales, the Consumer Protection Advisory Committee; S.O. 28p.

LONDON SYMPOSIUM ON AUTOMATION

The human factor is vital

BY DAVID FISHLOCK, SCIENCE EDITOR

TO ATTRACT investment for automation, schemes had to be seen to produce satisfactory results for everyone concerned, by leading to great competitiveness, more sales, better job prospects and adequate returns, Lord Nelson, chairman of GEC, told a symposium on automation in London yesterday.

In each case, the confidence of both capital and labour had to be established, he said.

Posing the question: Is it investment which leads to higher productivity, or higher productivity which leads to investment?, Lord Nelson said that he was inclined to believe the latter.

"Rising productivity certainly encourages investment."

Lord Nelson was opening a one-day symposium on "Reviving the U.K. economy—what can automation offer?" organised jointly by the Institutions of Electrical and Mechanical Engineers.

Easy steps

He said that manufacturing industry should approach automation in three easy steps to create the right climate for its acceptance. The first—involving "little or no investment"—would be to ensure that all existing plant, equipment and schemes were working effectively.

The second step, "involving higher levels of investment and affecting larger numbers of people," would be to implement small automation schemes, to further mutual confidence.

Only in the final step would large schemes, involving major changes of plant and the retraining of large numbers of people, be attempted.

Speaking on finance for automation, Sir Charles Villiers, chairman-designate of the British Steel Corporation, said that the City was insufficiently sympathetic to industry's investment needs. A series of new sources of funds was required, to examine propositions from industry's own viewpoint.

"The old mechanistic market method is fine, but it will not be enough to get us out of our mess."

Sir Charles instanced four potential new sources more sympathetic to industry's needs—Finance for Industry, Equity Capital for Industry, the proposed rediscount facilities for medium-term loans at the Bank of England and his own recent proposal of industry guarantees for industry on the lines of the Export Credit Guarantees system "which has worked so well for 50 years."

Answering the question: "Has automation failed us?" Mr. John Foster of the Amalgamated Union of Engineering Workers said that in engineering terms the answer was no, but in sociological terms it was yes.

Benefits

He said that if automation schemes continued to ignore the human factor, workers might ultimately face more serious tensions than the physical ones that the schemes were eliminating.

An example of mistaken thinking about the problem of implementing automation was the conclusion drawn from a conference of the International Labour Office in 1952, which placed the main responsibility for automation squarely with management.

Sir Monty Finniston, chairman of the British Steel Corporation, in a statement claiming that where automation had been correctly applied, "there have been clear and very significant benefits to us" also emphasises the human factor in his company's future automation plans.

The company did not claim that it knew how to integrate operators efficiently into automation schemes, but trying to meld the two was now a constant concern.

For example, the operator was capable of anticipating problems ahead of the machine—a valuable advantage of the computer.

Sir Monty said that BSC had learned four lessons since it began to instal its automation schemes in the early 1960s. First, the engineering had to be reliable—one or two of its schemes had been thrown out because of poor availability. Secondly, the scheme had to win the confidence of operators from the outset.

A third lesson was the tendency to be over-optimistic in assuming that the computer's flexibility would make up for any shortcomings in the engineering of the automation scheme.

The fourth lesson his company had learned was that it was necessary to know about the final nuances of the process before it could be satisfactorily automated.

A cautionary tale about failure to take account fully of the human factor was offered by a Dutch engineer, Mr. P. I. Sygell, head of mechanical engineering at Philips, who described how a highly sophisticated automatic assembly installation for fluorescent tubes had begun to deteriorate in performance after a successful start.

To obtain reliable data, he had installed "in desperation" a small process computer on the plant.

What he found was that, having eliminated all manual operations, the company was depending too heavily on the one remaining operator who did not have enough capacity to eliminate all the small troubles as they arose, which thus accumulated and adversely affected the overall performance.

M & G Friendly Society pays out to 30,000

BY CHRISTOPHER HILL

NEARLY 30,000 of the 46,000 members of the M & G Friendly Society have now been sent the maturity proceeds of their Family Bonds. These caused a political storm when they were launched in 1966 and led to the tax rules for Friendly Societies being tightened later that year.

M & G had formed its own friendly society in order to take advantage of the tax-free concessions then available and attracted £10m in a very short time as a result.

The attitude of the Labour Government at the time (when Mr. James Callaghan was Chancellor) was that it was a misuse of friendly societies to provide a tax-free vehicle for surtax payers. Mrs. Margaret Thatcher argued in favour of maintainging the existing situation.

There were strict rules governing friendly societies even before the changes—to the extent that only £338 a person could be invested and that 50 per cent. of the proceeds had to be in gilt-edge stock.

The result of the investment after 10 years is that an equivalent 68.4p per bond at the outset would now be worth a little over 150p. Any member of a family could own the bonds and a lot of the original bonds were issued to children.

Plea launched for £100,000

AN APPEAL for £100,000 was launched yesterday by Lord Elgin, chairman of the International Gathering of the Clans 1977, to help finance the two-week festival during April and May next year.

Lord Elgin told a Press conference in Edinburgh that many Scottish organisations had made donations already. Thousands of clansmen from all over the world are expected at the festival, which will open in Edinburgh.

Bank equity investment criticised

By Michael Blanden

?POSITION to equity investent by the big banks is exessed to-day by Sir Eric ulkner, chairman of Lloyds. Countering pressures for the nks to follow their German unterparts by involving themlves in a longer-term commitent to industry, he says in toy's issue of the magazine countancy that the banks ould stick to banking. This lated mainly to short-term nding.

The banks should not ek to become "jacks-of-alldes." The lender and the vestor, each had a separate rt to play in the support of dustry and should remain dependent of each other.

Sir Eric replies to the "illunded" criticism of the banks d the City generally for fallg to provide funds in support industrial investment.

There had been a decline in vestment in industry. "I do ny that this can be il specifically at the door the banks, or even of the City general. Funds have been ailable for creditworthy rrowers; they still are."

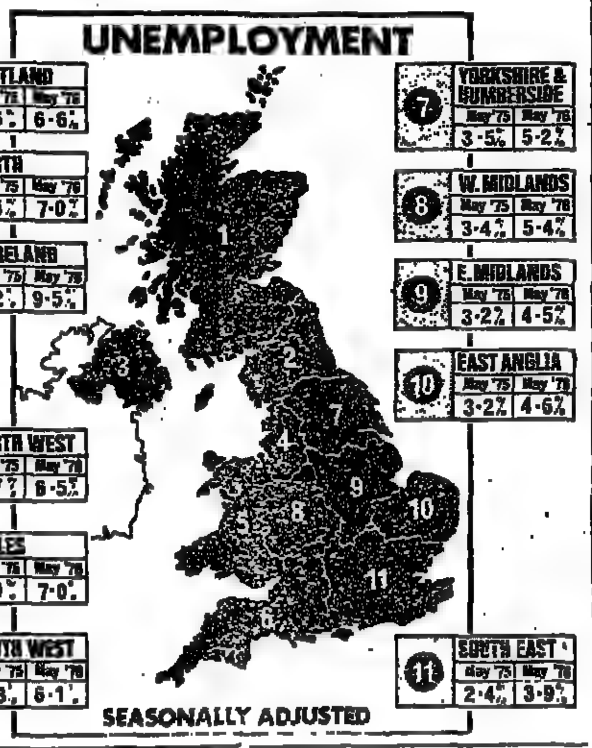
Worthwhile

Sir Eric's comments have parular point at a time when the w Equity Capital for Industry being set up to channel funds m the major institutions.

He said that investment must er a worthwhile return for company and emphasised the d for bankers to ensure that ir lending would be repaid.

There was a case for ater involvement by the ks in providing medium-m finance, the subject of talks ween the banks and the Bank England on the possibility an official refinancing angement.

British industry needed to est more. "But such investnt will not be made unless it permitted by the Government be profitable," said Sir Eric.



More Celtic Sea licences likely

BY RAY DAFTER, ENERGY CORRESPONDENT

THE GOVERNMENT'S next round of offshore exploration licences is likely to include new areas in the Celtic Sea, Irish Sea and Western Approaches.

The strong hint was given yesterday by Mr. Dickson Mabon, Minister of State for Energy. His comments, made at the opening of the Offshore Wales Conference in Cardiff, confirmed the oil industry's view that the fifth round of licences will be spread across a wide area of offshore acreage, including the favoured Moray Firth area of the North Sea.

The Government is expected to announce shortly its proposed terms for the new licence round. The industry will be asked for its comments before the terms are embodied in the licence proposals, expected later this summer. The new acreage is likely to be allocated in December or January.

Mr. Mabon said that the Government was looking at the possibility of opening up new areas off the west coast of Britain although he conceded that three wells drilled so far in the Celtic Sea had been disappointing.

Under the terms of the Celtic Sea licences a further 21 wells should be drilled by March, 1978. "I am bound to say that present activity in the Celtic Sea area is low largely because licensee companies have quite naturally concentrated their attention on the much safer prospects in the North Sea with its prolific rate of discovery."

Prospects

However, commercial gas reserves had been found off Kinsale Head on the Irish side. A discovery on one of the wells being drilled on the British side this summer would increase interest and activity.

There was also gas in Morecambe Bay and reasonable prospects in the Irish Sea. "There is a big undrilled and, perhaps, promising area in the Western Approaches. Commercial discoveries in any of these waters should bring fresh offshore industrial activity to parts of Wales."

Mr. Mabon recorded the fact that Welsh industry had already won offshore business worth about £11m. a year, about two-thirds of it on the U.K. Continental Shelf.

The Government wanted to develop an internationally competitive offshore supplies industry. It also wanted to exploit British oil economically.

"Neither of these aims would be realised if we feather-bedded our industry by getting orders for them irrespective of commercial realities."

£35,000 study to benefit print industries

BATH UNIVERSITY is to conduct a £35,000 research into accelerated ink drying to help the printing and printing machinery industries.

Sponsored by the Department of Industry, it will aim for a better understanding of both hot and cold air methods of drying ink and so produce guidelines for increasing the efficiency of drier designs.

Part of the work will cover reducing noise levels in ink drying plant through more efficient use of air as well as energy consumption.

Parts of the Finance Bill worry the banks, writes **Michael Blanden.**

Banks and privacy

THE FUSS over the extended powers of investigation being given to the Inland Revenue under this year's Finance Bill—the "snooper's charter"—is attracting a good deal of private attention among the banks. They have not on this occasion chosen to come out with any public comments on the subject, as they did last year about the new Capital Transfer Tax. But they are showing signs of concern over what they regard as a potentially worrying erosion of the customer's right to privacy.

It is dinned into the heads of bankers from the day they start training that the customer's affairs are a secret between him and his manager, to be disclosed to anybody else only in exceptional circumstances. Bank staffs, indeed, are required to sign a declaration on the subject. Typically, this affirms that the employee will "faithfully and honestly" keep secret the affairs of the bank and its customers and the details of customers' accounts. And it covers both the time when the individual may be working for the bank and an indefinite period after leaving.

The banks, like the lawyers, accountants and other professional groups, have therefore a close interest in any developments which weaken their position. They accept that the powers possessed by the authorities for forcing disclosure, though extensive, are used rarely and with discretion. To this extent, bankers are prepared to take the reassurances which have been given by the Government at face value. Nevertheless, they are highly sensitive to any criticism of their own security, and well aware of public suspicion of any organisation which has access to a store of private information about individuals' financial affairs.

It is a common argument among bankers, for example, that one obstacle to extending the banking habit is the (mistaken) belief of quite a lot of men that if they open a bank account their wives will be able to find out how much they earn. And this kind of worry has been extended with the growing use of computers in banking to include the fear that information may be easily tapped by other organisations, including the Government.

The question of computer security is a subject in itself. Three months ago the Government set up a Data Protection Committee to recommend what form legislation in this area should take. This was headed until his death last week by Sir Kenneth Younger, who four years ago chaired a committee which looked at the question of privacy in general. The Government has itself firmly rejected any idea of constructing complete computer data banks on individuals. The banks, which clearly had an important source of information, insist that it is subject to the same secrecy rules as any other knowledge available to its employees, and that if anything the security checks applied would make it even more difficult then previously to misuse the information stored there.

In fact, in the original Younger report on privacy, the Committee stated that it had received no complaints about the practices adopted by the banks from members of the public. It did find cause to criticise the methods by which references were given and drew attention to experiments carried out by Consumers' Association and the Guardian to highlight the relative ease with which information could be gained from the banks. It recommended, in particular, that the banks should make clearer to their customers the way in which the reference system operated.

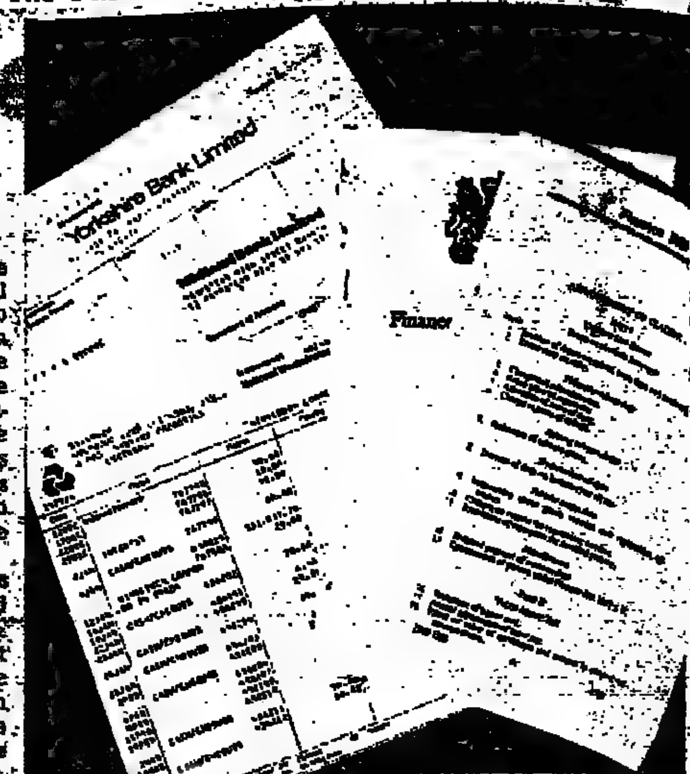
This is one of the areas in which the traditions of privacy remain important. Indeed, one result of the implementation of the new Consumer Credit Act is likely to be that the banks will stop giving opinions on private customers to credit reference agencies — not that they have done it on any scale in the past — because of the stricter rules which are being imposed. But this is only one aspect of the general issue of banking privacy.

The principle of the secrecy of bank customer's business is not founded on any statute. The U.K. at present has no general law establishing the right to privacy. (As an aside, it is worth noting that in the U.S., where the right is guaranteed by the fourth amendment of the Constitution, a recent Supreme Court decision ruled that this does not cover a bank customer's records because they belong to the bank and are not private papers.)

Nevertheless, the principle is clearly recognised in law and firmly established by past cases. A bank customer can get damages from his bank if he can prove that information about his affairs has been wrongly disclosed. One of the best-known cases (Tournier v. National Provincial and Union Bank of England) in 1924 is looked on as the guiding authority on the subject. The principle was clearly stated that the bank's duty is a legal rather than moral one, arising out of its contract with the customer. Breach of this contract, it was stated, would give rise to a claim for nominal damages or for substantial damages if injury resulted.

It was also made quite clear, however, that the obligation of secrecy is not absolute. Four occasions when disclosure would be justified were listed then and remain in the bankers' handbooks. These are, in the order normally listed:

1 — where disclosure is under compulsion of law



2 — where there is a duty to the public to disclose.

3 — where the interests of the bank require disclosure

4 — where the disclosure is made with the express or implied consent of the customer.

The middle two of these exceptions are relatively simple. Under number (3), where the interests of the bank are involved, the need to disclose could arise for example where the bank was suing the customer to repay an overdraft. The question of duty to the public under number (2) arises relatively rarely, though the textbooks suggest, for example, that it could come up in times of national emergency—during the last war it was incumbent on a banker to make suitable disclosure if he was satisfied that a customer was dealing in a manner contrary to the war effort.

The consent of the customer is a more difficult issue. It arose, for example, in the Guardian investigation reported in Younger which found that it was relatively easy to discover information about a bank customer's account and income by simply making a telephone enquiry. On the whole, the banks say they discourage answering telephone enquiries. But they argue that it would cause considerable irritation to well-established customers if they refused to answer all telephone requests for information when they are satisfied that they are genuine.

Sensitive area

The question of bank references is one of the more sensitive areas. Quite clearly, a situation has not been reached in the U.K. parallel to that existing in North America, where an individual's credit record is almost an essential part of his curriculum vitae. By those standards, the references given by the U.K. clearing banks tell very little. They do not actually give facts, but only opinions and those opinions are couched in a time-hallowed formula which can usually be accurately interpreted only by another banker.

In general, the banks argue, it is in the customer's interest that these references should be given—where it will help the customer to obtain credit or buy a house, for example—and that in this type of situation it should not be necessary to seek specific authorisation.

The disclosure of detailed information about a customer's affairs when required by the law is another and more fundamental issue, on which the latest Finance Bill takes a substantial further step. The various powers have been built up over a long period. Where the police are concerned, the situation is fairly simple: under the Bankers' Books Evidence Act of 1879 a court order is needed to gain access to information, and in general a pretty good case has to be put up.

In relation to the tax authorities, the basic statute is the Taxes Management Act of 1970. This includes the only situation where disclosure is routine under which banks are required to tell the inspector of taxes about interest paid before tax to customers if the amount exceeds £25 (recently raised from the original £15 limit).

Other aspects covered include the ability of the Inland Revenue on written notice to obtain details of stock registered in the name of the banks, its nominees and held on behalf of customers. Similar provisions relate to disclosure for the purpose of assessing capital gains tax. These exceptions to the general rule of secrecy, however, have been extended in a variety of legislation since.

Two of the outstanding examples arose out of the introduction of value added tax and of capital transfer tax. Both gave rise to considerable misgivings among the banks. Under the VAT rules the authorities can enter a bank's premises. Under the CTT legislation, wide powers to require any person to furnish "such information as the Board requires" for the purposes of enforcing the tax were given to the authorities.

This development prompted the banks to vigorous protest, arguing formally to the Inland Revenue and the Treasury that it threatened "an unprecedented invasion of the contractual obligation of the banks to observe the privacy of their customers' affairs." The banks were particularly angry that exceptions were made for solicitors and barristers, but their own confidentiality was not protected. And they were concerned over the provision that notices relating to CTT could be combined with those relating to income tax—creating the possibility of obtaining more information on income-tax than was possible under the income-tax provisions themselves.

The latest moves, which have been the subject of vigorous attacks by the Opposition in the Commons, carry the powers of the authorities further. They include the power to require a taxpayer's immediate family to produce relevant documents and the equally controversial power of entering a taxpayer's home. Protection is built into the new regulations—the delivery of documents requires consent of one of the Revenue's "appeal commissioners" while the Government this week has said it will require a circuit judge rather than a JP to sign a warrant for entry.

In relation to the confidentiality of their customers' business, the banks would, without much hope, like to see even greater limits placed on the power of the authorities. They have in fact become fatalistically reconciled to the erosion of the principle of privacy. They acknowledge that in practice the use made of the powers has been generally confined to a very limited number of cases; so far, for example, there appears to be no documented record in the banks of the CTT provisions about which they were so alarmed being put into effect. Nevertheless, the banks point out that there is, on paper, a very extensive apparatus for opening up their books.

LABOUR NEWS

Support for wage policy strains AUEW unity

BY ALAN PIKE, LABOUR STAFF

IE ANGER of the three nority sections of the Amalgaited Union of Engineering orkers at being forced by a cision of the engineering secn to support the new Government-TUC pay proposals broke to the open yesterday.

Since the AUEW national conrence opened on Monday, ecutive members have made hind the scenes attempts to solve the differences between e sections.

Last week, the engineering tion national committee cided to support the new pay oposals and its 52 members are w, according to Mr. Hugh Scan, AUEW president, mandated vote for this line when the nferences discusses wage straint probably to-day.

Since the smaller technical and pervisory, foundry and conuction sections have only 17 the 69 conference seats tween them, an engineering ction mandate deprives them any chance of influencing licy.

The depth of bitterness over the issue, which seems likely to increase the chances of the construction section withdrawing from the amalgamation, became clear after Mr. Len Brindle, an engineering section delegate, questioned on the basis of precedent whether national committee members were mandated to vote as a block at the conference.

Mr. John Baldwin, general secretary of the construction section, said that if he remained silent any longer he would be "thoroughly dishonest." Challenging the validity of the engineering section vote, he told Mr. Scanlon: "Nothing gives you the right to mandate your section."

Last week's decision by the engineering section, and another in December when it decided to support the £6 pay policy against a resolution of the full conference, had been wrong according to Mr. Baldwin's interpretation of the rules which he said gave national conference votes superiority over sectional decisions.

Mr. Baldwin said afterwards that he believed the engineering section's action could be challenged legally although some of his colleagues might not believe this was the best course to adopt.

Mr. Scanlon declared in a presidential ruling that on resolutions involving wage restraint national committee members were bound by their decision last week.

It is possible that the ruling will be challenged, formally to-day, but, even on a free vote, it is likely that there would be a majority of the 69 delegates in support of the Government-TUC proposals.

Mr. Scanlon told the conference that, when the details of amalgamation were being agreed several years ago, it had been clearly understood that it would be the "kiss of death" for the amalgamated conference if engineering section members arrived mandated as they have done this year.

Pay limit accepted on behalf of $\frac{3}{4}$m.

By Christian Tyler, Labour Staff

NEARLY three-quarters of a million more trade union votes were pledged yesterday in support of the £2.50-£4 pay limit to be debated at the special TUC Congress in London on June 16.

Leaders of the 414,000-member Electrical and Plumbing Trades Union decided by an overwhelming majority at their national executive to support the guidelines, although making reservations about the failure to resolve anomalies caused by the present £6 limit.

Delegates of the 195,000-strong Union of Post Office Workers, meeting in Bournemouth, decisively defeated a resolution rejecting the pay deal after Mr. Tom Jackson, UPW general secretary, said that if inflation continued Britain could end up with rationing of some commodities.

In Scotland, the conference of the 130,000-member Boilermakers' Amalgamation voted in favour of the guidelines

Protests

Yesterday's decisions bring the number of TUC votes committed to the pay policy to over 3$\frac{1}{2}$m., out of a total of about 10.5m.

But conference debates or ballots still to be held by other unions—including the National Union of Mineworkers—are likely to bring the final figure to well over 7m. by next month's Congress.

As the pithead ballot of Britain's 260,000 miners got under way yesterday, there were protests from NUM leaders in Nottinghamshire about advertisements in local newspapers, apparently placed by Yorkshire miners' leaders, urging the 34,000 Notts. miners to vote against the pay limit.

Militants in the Yorkshire, Scottish and South Wales coalfields have been campaigning hard against the decision to support the guidelines, but the ballot is expected to go narrowly in the executive's favour.

Derbyshire miners are divided on the issue. In the North Derbyshire coalfield miners' leaders have voted 14-1 against the national executive committee's recommendation, but the South Derbyshire branch of the NUM is recommending its members to accept.

Telegraph journalists' dispute is settled

By Ian Hargreaves

GREEMENT has been reached tween journalists and management at the Daily Telegraph over orking conditions at the newspaper's Manchester office.

A dispute over a rota to be erated in Manchester during a vo-year rundown of the newspaper's Northern staff led to the spension of 46 Manchester urnalists and a strike by their ondon colleagues earlier this onth.

Under the terms of the settleent, which was reached with e help of the Advisory, Conliation and Arbitration Service, e Daily Telegraph and the ational Union of Journalists ave agreed not to disclose etails of the new conditions.

But the journalists are elieved to have won their case r improved payments where ey are called upon to do extra uties because of reduced taffing levels.

In return, the Telegraph has ecured an agreement on a hased reduction of manpower the Manchester office.

our demands

The NUJ has made official a rike at St. James Press, a subliary of Macmillan. The union ims that the company sacked of its members during dissions about redundancy.

Four demands have been put the 14 strikers to the mpany: immediate recognition the NUJ at St. James; reatement for sacked members; egotiation of terms for freeice staff and a six-month arantee of job security.

Mr. George Walsh, the comny's manager, said that the ff had been dismissed because project on which they were rking, a reference book on ns, had been abandoned.

Staffing freeze hits expansion of job training programme

BY DAVID CHURCHILL, LABOUR STAFF

THE FREEZE on Civil Service staffing is preventing the Manpower Services Commission from substantially increasing its training programmes in response to the high level of unemployment.

In addition, officials of the innovative job creation scheme, introduced last autumn to provide temporary jobs mainly for young people, have launched a "desperate" appeal for new sponsored projects.

The MSC's problems come at a time when the TUC and Labour Party are seeking a "massive expansion of retraining and a commitment to increases in the capacity and resources of the MSC" as part of the new social contract.

Expansion of job creation and training must be on a level with that of Sweden, the TUC-Labour Party liaison committee says in its proposals for the new social contract.

Cabinet

In Sweden, about two to-three per cent. of the working population is involved in training which, if applied to Britain, would mean 1m. people would be trained at any one time.

But the Government's training plans for the 1980s envisage only about 100,000 people in training schemes.

As a department of the Civil Service, the MSC is unable to increase its staff levels in the immediate future until the Cabinet decides on how the planed £140m. cuts in the Civil Service should be made.

Because of the time-lag involved in increasing its training programmes the effect of the staff freeze will mean a delay in introducing new schemes even when the ban is lifted.

If plans to allocate more funds to the MSC are approved under the new social contract, it would still be at least 18 months before many of the schemes would be available. New schemes have to be discussed with local education authorities, industry and trade unions, apart from providing equipment for the new training facilities.

The job creation programme's difficulties stem from a lack of industrial sponsors—only about 1 per cent. so far—as well as from the poor quality of proposed projects.

Officials are touring the country to increase sponsored projects in time to meet the demands of the $\frac{1}{2}$m. school-leavers joining the job market this summer.

'Prejudgment' protest at tribunal hearing

BY OUR LABOUR STAFF

THE CHAIRMAN of an industrial tribunal in Manchester was accused by a barrister yesterday of "prejudging" an important issue in the case.

The clash came on the second day of an appeal by four engineering workers against expulsion from their union.

Mr. Stephen Sedley, counsel for the Amalgamated Union of Engineering Workers, claimed that the proceedings had been "vitiated" by a statement by Mr. Henry Gore. He said that he would continue "only under protest."

The case arises from a dispute at the Eaton Transmission Company, of Walkden, Lancs. The four men were expelled from the AUEW after disobeying a strike call in support of nine colleagues sacked in a previous dispute.

Mr. Gore's disputed statement came during cross-examination of one of the four men by Mr. Sedley.

The chairman said that he felt that the presence of two fellow workers from the same factory on the district committee of the union which investigated complaints against the four was "undesirable."

Mr. Sedley said that the chairman had prejudged the union's case in that he had come to a conclusion on an important issue before all the evidence had been heard.

Mr. Gore replied that he had leaned over backwards to be fair and had "prejudged nothing."

The hearing was adjourned.

Dock Bill committee stage ends

By Our Labour Staff

E GOVERNMENT'S controsial Dock Work Regulation l yesterday came to the end its long committee stage in liament during which the vernment tabled several endments designed to placate ons fearful that their mbers' jobs would be taken dockers.

The report and third reading the Bill is expected soon after Whitsun recess, when Conatives will renew their ck on a measure which they e called "a sledgehammer to k a nut."

nder the Bill, work within miles of the waterfront uld be liable to classification "dockwork," but an outcry n unions representing nonkers has led to amendments uding one to exclude those agreements dating before asualisation of the industry September, 1967.

Barred men to appeal

TWO MEN barred from holding office in the Yorkshire area of the National Union of Mineworkers said yesterday that they would appeal to their national executive committee to reverse the ruling. Both men are also seeking legal advice on whether the ban is in contempt of court.

Mr. Bill O'Brien, NUM secretary at Glass Houghton colliery, Castleford, and Mr. Thomas Roebuck, who was due to stand for election for a union position at Manvers Main colliery, Mexborough, were suspended for two years.

The Yorkshire miners' area council ruled that they had acted against the interests of the union over a recent libel trial in which Mr. Arthur Scargill, area president, was granted damages against the Sheffield Star newspaper.

Formica plant recruits 70

FORMICA is taking on 70 extra workers at its North Shields factory to meet the growing order book at home and abroad.

The company said yesterday that a £1m. investment in plant for industrial laminate production for the electronics and electrical industries comes on stream next month. Round-the-clock working has been introduced at the factory.

Ban immigrants call rejected

BY OUR LABOUR STAFF

RANK-and-file demand that e Government be pressed rough the Labour Party Conrence and the TUC to halt rther immigration was deated by leaders of the ational Union of Dyers, eachers and Textile Workers their union's conference at uthport yesterday.

A motion urging an immiation ban on the grounds at it would ease the housg and unemployment situan was condemned as acialist" by the union's ecutive, and was lost by a te of 75-45 after an emonal debate.

This 53,000-strong union covs the wool textile industry, ich employs 120,000, about ,000 of whom are immigrants, ostly from India and Pakian.

It was a coincidence that this explosive issue was discussed at a time when it has come to public attention again through Mr. Enoch Powell's use of a leaked Foreign Office report.

But it was clear that the union's delegates' demand might have received even more support if it had not been so staunchly opposed by union chiefs, who took the traditional TUC line in resisting anything that might be interpreted as racial prejudice.

The motion's sponsors claimed that they were not racialists, and stressed that they did not want to send home those immigrants already in this country, but thought the limit had been reached.

The idea of an immigration ban came under heavy fire from the union's new president, Mr. Alec Kennedy, who accused anti-immigration supporters of doing the work of the National Front and of risking being linked with the policy of "that arch racialist, Enoch Powell."

One delegate claimed that immigrants were "pouring" into Britain, illegally and legally, while the Government had to borrow heavily to avoid a disastrous drop in living standards.

But this brought a contemptuous retort from Mr. Bill Maddox, the union's West of England organiser: "Our economic problems have not been caused by an influx of immigrants. They have been caused by a crisis of capitalism, and to use any other excuse is sweeping it under the carpet."

PARLIAMENT

DEVOLUTION FOR SCOTLAND AND WALES

Bill promised in next session

THE GOVERNMENT will introduce a single combined Bill at the next session of Parliament in the Autumn to give devolution to Scotland and Wales.

Mr. Foot, Leader of the Commons, who is in charge of the Government's devolution plans, said:

"We are determined to introduce legislation affecting both Scotland and Wales at the beginning of the next session and to ask Parliament to pass it in that session. The announcement I made to the House on April 14 about starting to incur commitments on accommodation for the two Assemblies was a sign of our resolve.

"As my predecessor promised, we have considered the possibility of having separate Bills for Scotland and Wales. We have decided to keep to a single combined Bill. Separate Bills would demand too much Parliamentary time for both to pass in a single session.

"We have decided against holding a referendum on our devolution proposals. There have been wide opportunities, before and since the last general election, for public discussion of them.

"We have decided not to publish a draft Bill in the present session, since this would divert effort from the preparation of the Bill for next session.

"I turn now to the substance of our devolution proposals. I should like to inform the House of certain decisions we have reached, in the light of comments on our White Paper, about the Development Agencies and the constitutional roles of the Secretaries of State.

"We have decided that responsibility for all operations of the Scottish and Welsh Development Agencies and for all appointments to them should be transferred to the devolved administrations. This includes responsibility for financing the Agencies from the resources controlled by the devolved administrations.

"To ensure that there can be no unfair competition with other parts of the U.K., the industrial investment operations of the Agencies will be subject to guidelines laid down by the Government from time to time. With this qualification, they will be wholly the responsibility of the devolved administrations. They will also retain their existing powers to act under the direction of the Secretary of State in selective industrial assistance cases under section 7 of the Industry Act, 1972.

"I turn next to the constitutional roles of the Secretaries of State, particularly in Scotland. In the light of the views expressed in Parliament and elsewhere we have made the following decisions:

"First, while our consideration of the detailed arrangements for examination of the vires of Scottish Assembly primary legislation is not complete, we have decided that if there is doubt at the pre-assent stage about the vires of an Assembly Bill, the issue will be resolved on a reference to a judicial body, probably the Judicial Committee of the Privy Council. It follows that the Government will not have the power to reject Assembly Bills on vires grounds.

"Second, while the formal act of appointment of the Scottish Executive will rest with the Secretary of State he will, in respect of the appointment of the Chief Executive, act on the advice of the Assembly and, in respect of other Executive Members, on the advice of the Chief Executive. Assistants to the Executive will be appointed by the Chief Executive.

"Third, the Secretary of State will have no role in fixing the maximum size of the Scottish Executive or the pay of its members. These matters will be left to the Assembly, as will comparable ones in Wales.

"We have not completed our detailed consideration of United Kingdom reserve powers other than Parliament's inherent power to legislate. We shall, however, make a major change in this field. Any general reserve powers, whatever their precise form and mechanisms, will be limited to situations where their use is necessary to prevent unacceptable repercussions on matters for which the U.K. Government will remain responsible.

"We have never envisaged using such powers simply because we might politically dislike what was being done and the change we are making puts this beyond doubt. I re-affirm also that whatever the form of any general powers they will, as the White Paper made clear, be subject to the direct and specific control of Parliament and not available simply at the hand of the Government.

"The Secretaries of State for Scotland and for Wales will remain, in accordance with the Government's commitments, members of the Cabinet and will play their full part in the development of U.K. policies. Decisions on a number of further issues remain to be reached. I shall make a further report to the House before the summer recess.

"The Government have listened carefully to the national debate on devolution, and we have improved our schemes in the light of it. We now move forward, as we promised, from the phase of discussion to the phase of legislation and fulfilment. This is what Scotland and Wales had a right to expect. The good faith of the U.K. Parliament can strengthen and enhance the Union."

Short week 'suicidal' for workers

By Our Own Correspondent

MR GEORGE THOMSON, the EEC Commissioner for Regional Development, said in Newcastle yesterday that the TUC is right in arguing that it is suicidal for British workers to struggle in national isolation for a 35-hour week as a means of sharing out jobs.

He told the European Parliament Socialist group: "That is simply a recipe for pricing Britain out of the export market and importing further unemployment."

Since the referendum on the Common Market, the Labour Party NEC had decided to join the European Socialist Federation, but so far had refused to take part in the work of drawing up an election manifesto by filling the empty British seats and the various policy working parties.

The TUC, on the other hand, was now playing a leading part in the European TUC's battle against unemployment.

The new economic crisis in Western Europe needed both national and community policies deliberately designed to reinforce each other. Old fashioned laissez faire policies had no answer to these problems.

That was why creation of a European Socialist election programme was of such importance. The sooner Transport House threw itself with energy into this work the better.

Mr. Roy Hattersley warned that part stagnation is one of the dangers facing the community and put forward a four-point plan to combat "the doubt and disappointment" afflicting the community at present.

Foot leads dragging feet

BY PHILIP RAWSTORNE

MR. MICHAEL FOOT stepped boldly along the road to devolution yesterday — but there were many others who dragged their feet.

"We now move forward, as we promised, from the phase of discussion to the phase of legislation and fulfilment," the Lord President briskly declared.

His enthusiastic advance from the Government's White Paper proposals, however, soon ran into trouble and the going next session will clearly be rough.

Mr. William Whitelaw, the Conservative deputy leader reflecting his party's unified uncertainty, showed no liking for the Government's direction but suggested no other.

Looming over the Despatch Box, he merely reminded Mr. Foot that the Conservative Opposition would be the first obstacle that the Government's Bill would have to be carried past.

Mr. Iain Sproat (Aberdeen, S.), claiming that the Government was engaged in a misguided search for votes in Scotland rather than proceeding to a genuine reform of government, warned that Tory hostilities would be fierce.

But Mr. Foot, noting the reluctance of some of the party's troops, laughed off that threat.

Nor did he appear perturbed by the criticisms of the Nationalist MPs.

Mr. George Reid, for the Scottish Nationalists, said that the Government's "small step forward under pressure" would not satisfy the country's aspirations. And Mr. Gwynfor Evans, the Welsh Nationalist leader, complained that the proposals for Wales were "a blatant injustice."

The Government could not satisfy their separatist ambitions, Mr. Foot retorted—and it had not tried. It was set on a democratic course of decentralising power.

Scots reject plans as irrelevant

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE GOVERNMENT'S plans to strengthen the powers proposed for the Scottish Assembly were rejected as irrelevant by the Scottish National Party last night.

Mr. William Wolfe, chairman of the party, said Mr. Michael Foot, Lord President of the Council, had made his statement because the Government was anxious to say something before the SNP Conference opened on Thursday so that they could not be accused of bowing to pressure.

He predicted that the Devolution Bill would meet even tougher opposition from English MPs now that the Government proposed removing some of the restraints imposed by the Westminster Parliament.

"I can't imagine a Bill being passed which would enable an Assembly to thumb its nose at Westminster.

"The Government has an impossible task to do. The people of Scotland are determined to get far more power than Westminster is prepared to give. A Bill which contained what Scotland wants would be opposed very strongly by English politicians."

The statement was, however, warmly welcomed by the Scottish Council of the Labour Party and the Scottish TUC, both of which pressed for greater powers for the Assembly at their conferences earlier this year.

Mr. Jimmy Allison, Scottish organiser of the Labour Party, said that the effect of devolving all the powers of the Scottish Development Agency would be to create a powerful Assembly. It would not be the talking shop that some of the Government's political opponents had said it would become.

The Labour Party believed that the Government's proposals would give the Scottish people what they wanted—meaningful devolution and not separation.

Mr. Jimmy Milne, General Secretary of the STUC, said that the General Council welcomed the decision not to hold a referendum on devolution. It would be unnecessarily complicated and the views of the Scottish people were already well-known.

The council welcomed the substantial concession of the transfer of economic powers of the SDA to the Assembly although it had always accepted that there should be some control over expenditure and development retained by the Westminster Parliament.

The proposed allocation of economic responsibility between the Assembly and the U.K. was realistic.

Mr. Douglas Hardie, chairman of the CBI in Scotland, said Mr. Foot's statement would have to be studied in depth. But added: "The soundings I have taken from many CBI member companies in Scotland in the last few weeks indicated that proposals of this kind will be seen as a first step to undermining the economic unity of the U.K.

"If this is so, the CBI will resolutely oppose them."

Criticisms from all sides in Wales

BY OUR OWN CORRESPONDENT

CHANGES IN the Government devolution plans announced by Mr. Michael Foot to-day met with criticisms from both devolutionists and anti-devolutionists in Wales.

The latest proposals were still "disgraceful discrimination against Wales as compared to Scotland" according to Mr. Dafydd Williams, Plaid Cymru secretary. He said the law-making powers promised for Scotland were vital for Wales too.

The party have counted their recent election successes as a vote for devolution in Wales and Mr. Williams added: "The people of Wales will not accept demotion to second class status compared to Scotland."

He continued: "Although the Assembly now gets full control of the Welsh Development Agency the Labour Party still has not carried out its promise to give the Assembly the substantial economic powers which it pledged in its election manifesto.

"Substantial economic powers must involve control of the nationalised industries and supervision of the regional aid programme." He added that the National Enterprise Board would work in Wales without reference to the Welsh Assembly.

The Wales CBI said they were disappointed that there was only to be one Bill for both Wales and Scotland.

"The political economic and industrial situation in Wales and Scotland are entirely different," said Mr. Ian Kelsall, Wales CBI secretary.

"I'm also totally opposed to the proposal that the Assembly should control the Welsh Development Agency and should appoint its members. If the agency is to be effective it must have the confidence of industry and it is doubtful it can have this if the agency is to be a political body controlled by political appointees."

That statement was backed by a Welsh Tory MP. Mr. Ian Grist (Cardiff) said: "It is clear from Mr. Foot's refusal to have a separate Welsh Bill that the Government has absolutely no confidence in getting the Welsh proposals through Parliament without tying them to those for Scotland."

Mr. Foot's statement will be disappointing too to the substantial group of Labour MPs in the South Wales valleys who have been demanding a referendum on the proposals. The group, led by anti-devolutionists like Mr. Neil Kinnock, have still been asking for a referendum despite an overwhelming vote at the recent Welsh Council of Labour for the proposals to go through.

Government 'waffle' on out-of-work

A TORY backbencher claimed that the "waffle" of the Government was making it difficult for people to feel compassion for people genuinely out-of-work.

Labour MPs shouted at Mr. John Cope (C., Gloucestershire S.) when he told Mr. Eric Deakins, Social Services Under Secretary: "This scroungers' Government is so insulated from the anger of people who do a good day's work that it does not realise that such waffle and such policies make it very difficult to have compassion in the genuine cases."

Mr. Cope was referring to an earlier answer by Mr. Deakins that the question of financial incentives to work "is a highly complex one, involving wage levels, taxation, social security benefits and other benefits such as rent and rate rebates."

Mr. Deakins added: "You should recognise that the vast majority of people in this country who are unemployed want to work, and it is a matter of much greater public concern that we should be losing the productive capacity of this large number of people."

GP training Bill introduced

THE GOVERNMENT is planning a system of compulsory training for new family doctors.

A Bill "to ensure that doctors practising under the National Health Service Act, 1946, are suitably experienced" was formally introduced in the Lords yesterday by Government Health spokesman, Lord Wells-Pestel.

The Bill will not be published until to-day but it is understood that it will pave the way for regulations to make vocational training compulsory for GPs.

Barnett offers profits hope

BY JUSTIN LONG

GOVERNMENT encouragement for boosting the profitability of industry — and manufacturing companies in particular — was promised by Mr. Joel Barnett, Treasury Chief Secretary in the Commons Standing Committee on the Finance Bill last night.

Mr. Barnett accepted Opposition arguments that profitability had fallen substantially over the last two years. But the clear signs of improvement at the end of last year were continuing into this year, he maintained.

"And I want to see this happen—we want to see this growth of profitability because we have geared tax reliefs to ensure that if company's don't expand and make new jobs and invest, then they don't get the tax relief."

Pressure

The chief secretary rejected Tory pressure for a reduction of Corporation Tax as a method of inducing more investment and so leading to greater profitability.

This was not the best method, Mr. Barnett insisted. Nor did he accept the further Tory contention that the stock relief scheme, because it only deferred tax and did not remove ultimate liability to tax, could work in a way that was prejudicial to the needs of industry and the economy.

Pointing out that the present scheme was to be replaced in two years' time, by one of a more permanent kind, and one that would be widely welcomed by industry, Mr. Barnett added: "It really would be quite incredible for anyone to argue that a stock relief scheme as good as this one should not have a deferral element in it.

"Otherwise companies could simply take the relief then close down and not pay tax even. Industry recognises it would be unreasonable to introduce a stock relief scheme on that principle."

At the same time, Mr. Barnett stressed that the relief system would continue with the anticipated new scheme.

"Nevertheless, I hope those who are providing finance for industry will recognise that it will be the case for most manufacturing industries which are expanding that there will be no clawing back of tax.

"I would hope that the banks will recognise for an on-go[ing] company the deferred tax [lia]bility will not be a real liability."

As well as expressing c[on]fidence over the situation [of] profits, Mr. Barnett also c[on]tended that there were "str[ong] signs of an upturn" in t[he] liquidity position of manufac[tur]ing companies. And the ba[nks] had ample funds at the pres[ent] time, he suggested, to see t[hat] this upturn in the cash flow sit[ua]tion was maintained.

Meanwhile, "meaningful d[is]cussions" between the Gove[rn]ment and industry were proc[eed]ing to ensure price relaxati[on] that would provide encourag[e]ment for the sort of indus[trial] investment the econ[omy] required.

These methods were the b[est] way of helping industry and [the] economy, rather than by [an] across-the-board cut in corpo[ra]tion tax such as the Opposit[ion] sought, said Mr. Barnett.

The yield from mainstre[am] Corporation Tax was now so m[ini]mal it ought to be abolis[hed,] suggested Mr. Peter Hor[dern] (Cons., Horsham and Cra[wley)] opening the debate on the t[ax in] the Commons Standing C[om]mittee.

In moving an Oppo[sition] amendment to reduce Corpo[ration] Tax from 52 to 40 per cent[, he] said the position of the tax [was] now so extraordinary tha[t it] really ought to consider abo[lish]ing it.

The total yield for cor[poration tax was] some £2,650m. of which [...] £1,000m. represented advan[ce cor]poration tax, whereas the [main]stream of corporation [tax] revenue was £1,675m.

Damaging

He pointed out that the yi[eld] of the mainstream Corporat[ion] tax this year was 5 per cent [of] the total tax yield of £32.1[bn.]

"We ought seriously to c[on]sider whether this tax [—] apparently 52 per cent, is rea[lly] not more off-putting and m[ore] damaging in the long run to [in]dustry than in having no [tax] at all."

He added the mainstream c[or]poration tax was now so low a[nd] so absolutely minimal for [the] manufacturing industry it wo[uld] be better to abolish it.

He pointed out that compan[ies] were having to look anxio[usly] at their investment programm[es].

PM calls on Tories to support pay deal

MR. JAMES CALLAGHAN, the Prime Minister, called on the Tories last night to show patriotism and support the new pay deal with the trade unions.

Mr. William Whitelaw, Tory deputy leader, standing in for Mrs. Margaret Thatcher, who is in Germany, told the Prime Minister he deeply resented the accusation over patriotism.

Mr. Whitelaw asked the Prime Minister whether he regarded it as an economic miracle that, by the end of 1977, the Chancellor would have brought inflation down to the 8.4 per cent. rate he had claimed in the October 1974 general election.

To Tory shouts of "answer," Mr. Callaghan replied that if the TUC's recommendation went through, the rate of inflation by the end of 1977 will be around that of our main competitors such as the United States, Germany and France.

To Tory shouts of "8.4 per cent," Mr. Callaghan added: "Well, it may be round about that."

Mr. Callaghan claimed that Mr. Michael Heseltine, Shadow Industry Secretary, had "incited trade unions" to defy the Government's policy.

Miracle

Mr. George Gardiner (C. Reigate and Banstead) said economic miracles did not happen often. What action was the Government taking before they required a further IMF loan?

Mr. Callaghan said: "Miracles do happen in other countries and they can certainly happen here." It was the judgment of international bankers that sterling was undervalued.

Mr. Callaghan told Tory questioners "not to talk sterling down."

When Left-wing critic Mr. Eric Heffer (Lab., Walton) asked about import controls Mr. Ca[l]laghan retorted: "The Manifes[to] is being carried out to a remar[k]able degree and this is ackno[w]ledged by the TUC."

Mr. Ian Gow (C., Eastbourne) said that the slide in sterli[ng] would continue while t[he] Government spent £23,000 [a] minute.

Mr. Callaghan replied that w[as] an over-simplification, and the[re] was little doubt that the Cha[n]cellor would be able to finan[ce] the public sector borrowi[ng] requirement.

An indignant Sir David Ren[ton] (C., Huntingdonshire) [...] asked the Speaker whether [it] was in order for the Prim[e] Minister to accuse other MPs [of] being unpatriotic.

To shouts and counter cheer[s] Sir David said the accusati[on] had been aimed at members [of] the Conservative Party who h[ad] at least as good a record [of] patriotic service to their coun[try] as other M.P.s.

Mr. George Thomas repli[ed] that terms of abuse about eith[er] side were always deprecated, b[ut] he had not understood that t[he] remark had been directed to [an] individual.

A "group statement" co[uld] not be ruled out of order. [...] Mr. Thomas added: "I must [say] I do not like it."

Mr. Callaghan said it was ti[me] the Conservative party stopp[ed] "talking sterling down at eve[ry] question hour."

Mr. Whitelaw thought [Mr.] Callaghan should accept that [...] MPs should have the [...] interests of the country at he[art.]

"Many of us, over a lo[ng] period, have shown that to [be] the case." Mr. Callaghan end[ed] the exchanges by saying: [...] recognise that. But I think [you] could put the seal on it by [tell]ing us that you accept [the] general principle that sterl[ing] is not at this moment o[ver]valued."

No urgent need for immigration talks—PM

THE Prime Minister, Mr. Callaghan, said there was no need for talks at present with leaders of African countries on emigration to Britain by U.K. passport holders.

Mr. Arthur Lewis (Lab., Newham North West) had asked whether Mr. Callaghan would seek an early opportunity to meet the Prime Ministers or Heads of State of the African countries who are expelling, or intending to expel, people with British passports.

Mr. Callaghan, in a writ[ten] reply, said: "The emigration [of] U.K. passport holders from E[ast] and Central Africa to the U.K. [is] regulated by the special vouc[her] scheme.

"This provides for a total [of] 5,000 heads of households w[ith] dependents during the curr[ent] year. Migration under [the] scheme is proceeding in [an] orderly way and there is [no] present need for discussion w[ith] the Heads of the countries c[on]cerned."

Skinner retirement plan

MR. DENNIS SKINNER (Lab., Bolsover) yesterday gave the Government "four good socialist" reasons for cutting the male retirement age to 60.

He said the move would give men equality with women; already many professional and salaried people retired at 60; and it was costing £72m. a week in unemployment benefit and other payments for workers who were on the dole.

Fourthly: "In relation to ma[ny] industrialised countrie[s,] especially the Common Mark[et,] a little harmonisation in t[his] direction would not be a b[ad] thing."

Mr. Stanley Orme, Health a[nd] Social Security Minister, s[aid] that the net cost would be mo[re] than £1bn.

"The Government does n[ot] object to moving in this dir[ec]tion. What we object to is t[he] cost," he said.

FINANCIAL TIMES SURVEY

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GOVERNMENT-SPONSORED FACTORIES

The building programme of Government-sponsored factories is going ahead at its fastest rate ever, enhancing its international reputation. It is a tool of regional policy, aimed at creating employment, with a strong emphasis on flexibility.

Agreed policy reaps success

By Roy Hodson

A SMALL celebration somewhere in the north of England later this year will mark the success of one policy which successive Governments have all agreed to pursue and develop. The foundation stone will be laid of the one thousandth factory to be built by Government in England to encourage industry to settle and expand in areas where new job opportunities are needed.

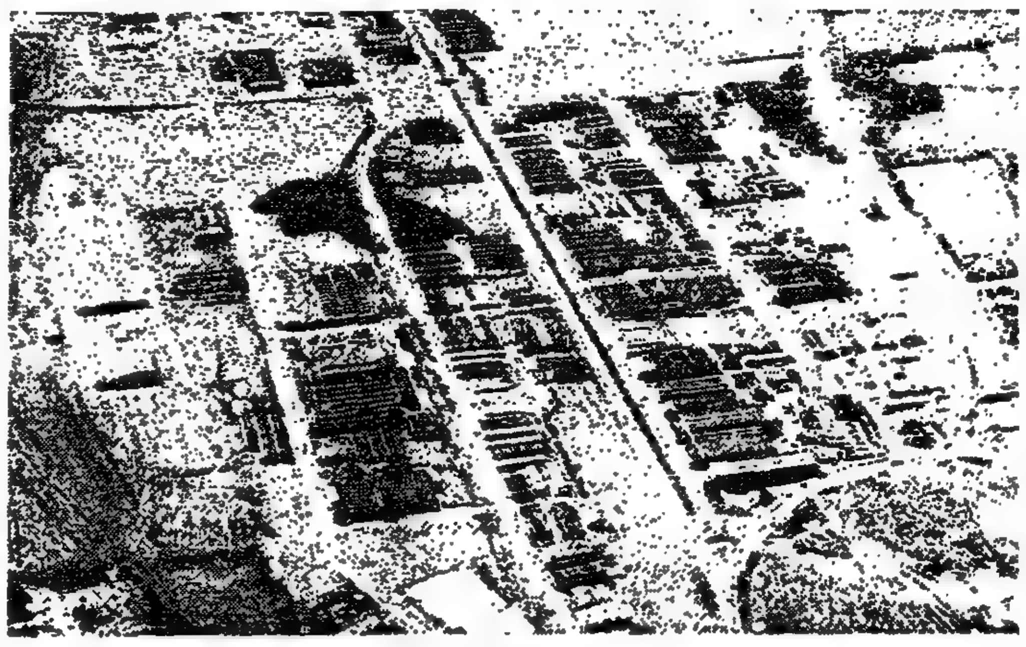
No one can say with certainty just where the one thousandth Government-sponsored factory will be. They are being planned and constructed at a faster rate than ever before and it will be a matter of luck and timing as to which part of the country gets number 1,000. However, when the event does take place it is likely that glasses will be raised in the Department of Industry which administers the Government's factory building policy, in the English Industrial Estates Corporation, a small organisation of professionals which executes the programme, and in the newly-formed Scottish and Welsh development agencies which have taken over responsibility for Government factory building in their areas. The one thousandth factory will happily coincide with the 40th anniversary of the policy of using Government money in this way to encourage industrial development. It is a policy which Britain pioneered and which is now constantly used as a model by other nations.

During this 40 years of continuous activity, a highly professional body of expertise has been built up. That appears to be the main reason why successive British programmes for building advance factories to secure regional development objectives meet with success while, in other European nations, similar programmes have been known to provide disappointing results, and occasionally to stall altogether. In France, for instance, the authorities have still not perfected standardised Government factories to their satisfaction. The regional development authority Datar commented on the standardised factories concept in one report: "This is a product meeting a need at municipal and regional levels where the authorities are anxious to promote the creation of new jobs. The ideal solution has not been found as yet, however, due to the lack of new technical or financial solutions."

Mr. Horace Heyman, the chairman of the English Industrial Estates Corporation, believes there is no reason why other countries should not run Government factory building programmes as successfully as Britain, as long as they observe a few ground rules. In particular, in his view, there must be continuity and stability so that industrialist tenants need not fear for their security as the political winds shift. And the organisation responsible for developing and managing Government factories and industrial estates must always be close to the needs of industry. "We have always been able to strike the widest common denominator in the size, style, and locations of the factories we build," says Mr. Heyman, "within the limits of our obligation to build our factories to help those parts of Britain where there are people unemployed."

At the present time the Government-built factories in England, Scotland and Wales, provide employment for some 300,000 workers, mostly males. Almost without exception the occupied factories are to be found in parts of the country where unemployment is still higher than the national average. The total contribution of the factory programme to providing job opportunities therefore goes far beyond the direct employment figures. In many areas the Government factories and estates have breathed new life into towns, cities and regions where industry has been in decline and the rate of emigration by young people too high for the health of the community.

The factory building investment is fairly equally distributed between England, Scotland, and Wales. The English Industrial Estates Corporation administers 31.5m. square feet of factory space. The Scottish development agency has 24.5m. square feet. The Welsh development agency has 20m. square feet. The total replacement value of all the Government factories is now estimated to be not less than some £600m., although their written-down value in the government's accounting is put at approximately £150m.



The Team Valley Estate at Gateshead: where it all began 40 years ago.

Following moves by the Chancellor of the Exchequer, Mr. Healey towards the end of last year to stimulate industrial investment, the three agencies are now handling the biggest Government programme for adding to that factory stock which the country has seen. The English Industrial Estates Corporation has 27 advance factories under construction totalling nearly 400,000 square feet and costing nearly £4m. The term advance factory is commonly used to describe a factory built by the Government in advance of securing a tenant. The corporation also has plans in the pipeline for another 110 advance factories which will provide 1.3m. square feet of new factory space at a cost of £13m.

The Scottish agency has 10 advance factories (138,000 square feet) under construction and 29 (510,000 square feet) in the planning stage. The Welsh agency has 27 advance factories (417,000 square feet) under construction and 32 (418,000 square feet) in the planning stage.

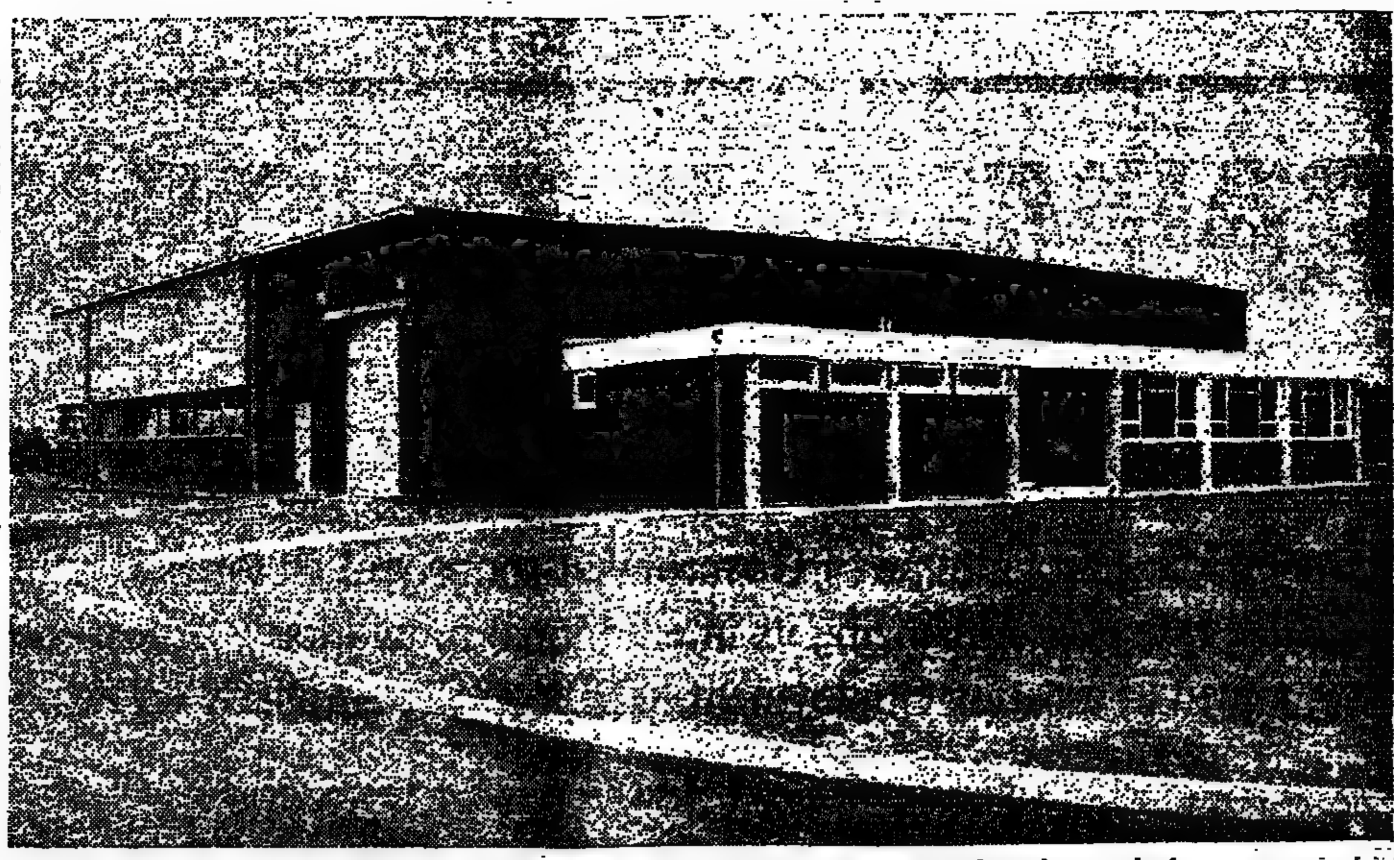
All three agencies also have big building programmes to provide new factories for specific industrial companies and to build extensions for existing tenant companies which want to expand their operations. Bespoke factory building and extensions in the current programme represent upwards of 2m. square feet of new factory space to be provided within the next eighteen months.

A typical advance factory will be of about 15,000 square feet floor space with a brick frontage and office and toilet accommodation. The body of the factory will often be constructed in plastic-coated steel or aluminium with a structural steel framework. The interior height will be limited to about 16 feet, as the designers are catering for manufacturing industry not warehousing. The annual rental for such a factory is between £12,000 and £14,000 a year. Not surprisingly the building agencies' valuation departments have very little argument with incoming tenants about rents. Although the factories are planned as basic units to give a manufacturer a roof over his head, they are remarkably complete in essentials. The agencies like to think that when a manufacturer moves in he has only to arrange to have the electricity switched on before setting up his equipment.

An important feature of the advance factory system, long recognised in the U.K., is that factories should be ready and waiting to take advantage of any phase of industrial expansion which will send manufacturers searching for new accommodation. Therefore it is regarded as proof that the scheme is running well as there are more advance factories ready for occupants in the U.K. than ever before. There are more than 30 empty at this time, providing a series of interesting opportunities throughout the assisted areas of Britain for firms which wish to start up new production. In addition to advance factories on offer there are about eight Government-built factories which have been previously occupied and for which the agencies are now seeking new tenants. The largest is of 30,000 square feet, however, and the three agencies do not have a really sizeable factory available on their books.

Many firms that are now respected names in British industry owe their successful early days to the flexibility offered by the Government factory system in providing accommodation to suit their continually changing demands. The ability of a tenant on one of the Government industrial estates, such as Team Valley, Gateshead, to call up new accommodation and to hop quickly and easily from factory to factory is undoubtedly an attraction to growth-minded industrialists. Companies based in the Government factories often say that they like the responsibility for managing and maintaining the premises they occupy to be carried by someone else. They are the companies which usually take the view that their particular expertise is in their area of manufacturing and that owning bricks and mortar is another business entirely. That view was unpopular during the property boom of the early 1970s but has been regaining currency since.

GOVERNMENT-SPONSORED FACTORIES II



Waiting for the boom: a standard advance factory of 900 square metres at Barnsley ready for an occupant.

Standard pattern is future trend

THE BIGGEST factories built by the English Industrial Estates Corporation under the Government factories scheme were two tailor-made plants *each of 500,000 square feet for* Mullard on Merseyside and for Dunlop on the Team Valley estate at Gateshead. They are the sort of set-piece industrial developments that the three agencies now running the Government programme in England, Scotland, and Wales, are not likely to repeat in the future unless social circumstances prevail. In future the emphasis is more likely to be upon small factories which can act as mid-wives for bringing new industrial activity into the world.

The agencies are changing the pattern and style of their activities to meet the future needs of industry. And in that fast-moving game the past provides little in the way of accurate guidance.

Four years ago more than half the programme was concerned with building extensions to existing factories for industries which were doing well and needed to expand. Only 36 per cent. of the total programme was concerned with providing advance factories. And one factory in ten being built then was a bespoke development specifically designed to meet the needs of a company.

To-day the position is reversed. About three-quarters of all the Government factories being built are to standard pattern and are being set down in areas of high unemployment in the hope of attracting tenants and creating work. There are very few bespoke factories required by industry. Extensions to existing factories amount to only some 20 per cent. of the building programme.

In part, the change in emphasis is due to the impact of the economic recession. Attracting industry to many areas of the U.K. has become an uncertain business. Advance factories have thus become the ground bait with which to "help alleviate high unemployment in many parts of the north. Wales, and the West Country. But another important factor which will affect the future of the Government factory programme is the development of new ideas about the best way to help the regions.

In the past industrial development has been encouraged on convenient sites to replace old and run-down traditional industries. At the same time the extensive British new towns programme moved population out of the old conurbations *en bloc*, rehousing them, and providing new industrial activity alongside the new communities.

It is recognised that in the *future the problem is not going* to be the rehousing of surplus populations but the maintenance of viable communities in our older urban areas. To that end the Government factories programme is being steadily recast to help the towns and cities. As an extension of the new concern to keep many British urban areas as decent places to live and work in, the Government factory agencies will have to take on the job of re-housing industry which has been displaced by urban development. *In the future it—will not be* politically or socially acceptable simply to shunt displaced industry to an out-of-town estate.

Birmingham was a pioneer in these matters when the old jewellery quarter of the so-called city of a thousand trades was threatened by redevelopment. It was unthinkable to the authority that the special skills of that industry be driven out of the city. So, as an experiment, the city built multi-storey blocks of "flatted factories" to re-house the many small businesses near to their old quarter.

Modified

The idea now looks like being revived in modified form by the Government in order to help keep and encourage industry within the industrial towns and cities of the north of England, Wales and Scotland. However the three Government factory agencies are restricted at the moment by the legislation under which they work. Until the Government acts to give them a new mandate, by seeking the approval of Parliament for some changes in the law the agencies

(1) Cannot re-house displaced industry; they are only permitted to provide factories for genuinely new jobs

(2) Cannot accommodate non-manufacturing activities such as warehousing, and

(3) Cannot provide for the grey area between manufacturing and clearly non-manufacturing which now goes under the heading of "service industries," and which *represents one of the fastest growth* sectors of the economy.

While keeping within the strict parameters laid down for Government factories—that they only provide new manufacturing jobs in assisted areas—the English Industrial Estates Corporation has recently made significant gestures towards the needs of the run-down urban areas.

On Merseyside town sites, so-called "nursery factories" are being built of 2,500 square feet each in terraces of half-a-dozen. They are on slum clearance sites. The intention is that they should be suitable premises for local entrepreneurs anxious to build up businesses. Leeds also is to have some small units. Their effectiveness compared with the traditional advance factory in the suburbs or a nearby town will be closely monitored.

As a spring-board for the lively business wishing to develop in the U.K. and Europe, the Government factory programme has never been more strategically important than it is at the present time.

Mr. Ernest Nathan of New York was incensed when he saw the recent CBS News television documentary called the *Second Battle of Britain* in which a gloomy view of the economy was taken together with criticism of the British Government's efforts to pull out of the slump. Mr. Nathan had within the last year, at the age of 70, taken a decision to manufacture in the U.K. for the European market and he had set up in a Government-built factory on Tyneside.

Within the year his company, Elmwood Sensors, which makes precision thermostats, has built up a £1m-a-year turnover throughout Europe from the Tyneside factory, employing a labour force of nearly 200 people.

As his experience of industrial growth in a British Government factory has exceeded all his expectations, he wrote to CBS asking for screen time to reply — which was refused. Nevertheless, he is still protesting loudly in New York that the CBS programme bore no relation to his own experiences as an American manufacturer making use of British Government help to establish a plant in the U.K.

Now that the administration of the Government programme for factory building has been divided among separate Welsh and Scottish authorities in addition to the English Industrial Estates Corporation, more changes in emphasis can be expected to meet regional needs and political pressures. But the particular expertise in building good factories cheaply at the right moment, which has characterised the Government programme so far, appears likely to be maintained intact.

The three agencies are linked directly through the Department of Industry which sponsors the whole factory programme for the Government. Although separate entities, the agencies have close links at the technical level—which is where efficiency matters in building factories—and in all technical matters they are working to a common policy co-ordinated by the Department of Industry.

How matters develop will depend to some extent upon the progress of the devolution movement and the relative muscle power exerted by politicians seeking shifts of resources to their own regions. But overall Government policy is clearly to try to allocate the money available for Government factory projects as fairly as possible to to reflect the needs of all Britain. This necessarily means that some places where unemployment is a relatively new phenomenon will be getting Government advance factories for the first time.

R.H.

Problems for planners

[BEH]IND THE apparent calm of [the U].K.'s established industrial [estat]es lies the complex mesh [of ro]ads, drains, utility provi[sion] and other services which [the] incoming tenant of a [Gove]rnment-sponsored factory [has c]ome to expect and demand. [In t]he 40 years since the [Natio]nal Estates Corporations [were] set up industrial planning [has m]oved from the primitive [to th]e highly sophisticated.

[In th]ose early days, when the [decla]red intention was to bring [work] to the unemployed of the [depre]ssed regions, have passed. [The] planners of the [Engl]ish Industrial Estates Cor[pora]tion, together with their [Wels]h and Scottish colleagues, [face] the competition of the new [town]s and post-war speculative [indus]trial development.

[Fo]ur decades of experience [have] armed the Corporations [with] formidable expertise in [smal]l as well as large-scale, [plan]ning to meet their tenants' [need]s. They have also made [their] own pioneering contribu[tion] to overall estate planning. [Lo]ng before the bull-dozers [and] construction gangs move in, [ther]e are two factors which [com]bine to make such indus[trial] development different [from] all others. The first fac[tor] is social, the second finan[cial].

[It] is the social element which [dete]rmines where Government-[spon]sored factories are placed. [Wh]ether to alleviate chronic [unem]ployment in the North, [mop] up acute unemployment pockets in other regions, or stem the drift from regions like the South-west, such factories are still intended to bring work to the people.

By definition, this means that there is already an established local population waiting for suitable employment on whatever land is available in the locality. It also means that there is seldom the need to orchestrate industrial development into a comprehensive plan (such as in the new towns) where the prime aim is residential. Thus, social considerations limit where industrial development takes place, while freeing the industrial planners from some of those constraints facing their new town and city colleagues.

Financial

The financial element which influences planning is concerned both with the grants offered by Government to industrialists in the development areas where they have factories, and special concessions to those who rent or buy Government factories. As the country's largest industrial landlord, the English Industrial Estates Corporation has become expert in making the fullest use of such incentives.

Added to loans, removal grants, training grants, and the other incentives Government provides for those setting up in what it prefers to call the Areas for Expansion, can be added extra inducements related particularly to the Government factories.

Rents, set over a 21-year period, and reviewable after seven and 14 years, are not subsidised. They are, however, based on a district valuation which inevitably makes them good value compared with non-development areas. If extra jobs are provided by the enterprise, the first two years occupation may be rent-free.

Those who wish to buy their own factories may do so on a 99-year lease, with the additional incentive that the total cost can be amortised at current interest rate up to 15 years. The ground rent payable to the Corporation is again based on local valuation and subject to revision. Grants on factory cost, ranging between 20 and 22 per cent., may be claimed from the central Government, depending on the development area status of the district where the factory is situated.

These social and financial considerations, which are advantageous to the local expanding industrialist or the firm prepared to relocate its operations, have over the years affected local and strategic planning.

Working hand in glove with the Department of Industry and the Department of the Environment, the Corporation notes the areas of need and what parcels of land are available for industrial development. It is at this point that the Corporation's small army of planners come into their own.

The techniques first developed at Team Valley in the North-East have been refined and sophisticated to take account of modern needs and changes. With the estates planned on a grid, sufficient land must be left available both for expansion by current tenants and those who may be attracted in the future.

Development must be flexible, for needs and even industries on such estates are continually changing. Power sources, effluent disposal, goods and passenger transport, road and rail programmes: these and many more factors must be considered as the estate is laid out. Where single units are constructed, the same problems arise on a smaller scale.

Team Valley itself has stood the test of time remarkably well, and experience gained there has been put to good use, not just by the Corporation but by other local and public agencies who have seen the need to develop industrial estates. Some of the buildings may be dated, but the layout principles—with their close attention to services—have stayed mainly the same.

The other principle, that the prime purpose is to provide local employment, has an inevitable spin-off as factory and estates construction continues. For it is Corporation policy to use the services of local professional and construction staff, while retaining control over the eventual design of the units being built. Even before the first man or woman clocks on at the new factory, considerable work has been provided through the local construction industry.

To-day, there are many Corporation sites available, with considerable land earmarked for expansion. One area where space has become more scarce, is through the provision of car parks. When Team Valley started, few of the workers possessed cars. Now most of them do, and due allowance must be made for workers' cars on new estates.

Industrial estate planning may look simple, but for success both meticulous care and imaginative foresight must be used in like amounts.

Roger Beard

Factories in advance

"[AD]VANCE FACTORIES" is [...] the motto of some stakhano[vite] worker. It is the well-estab[lish]ed principle of designing [and] building general-purpose [fact]ories in anticipation of [dem]and. Started before World [Wa]r II, the advance factory pro[gra]mme has had a considerable [imp]act on industrial architec[ture] and helped change the [land]scape of the new industrial [rev]olution.

[Th]e time when a building's [purp]ose could be easily [reco]gnised by its exterior has [gone]. To-day, from warehousing [to e]lectronics, the name on the [facto]ry wall may well be the [only] indication of the work that [goes] on inside. The first ad[vanc]e factories were erected in [a sp]irit of hope in the 1930s, [and] at Team Valley, and their [succe]ss led the Government to [build] others.

[Pr]inciple

[Co]nstruction techniques have [impr]oved as new materials have [beco]me available, but the basic [prin]ciple remains the same. [Inste]ad of building a covering [aroun]d specific plant, you build [a s]hell and put whatever plant [you n]eed within it.

[To]day, it is an architectural [trut]h that most industrial pro[cesse]s can successfully be con[taine]d in a standard series of [build]ings, provided that the [siz]e and design of these build[ings] is sufficiently flexible. The [resul]ts can be seen on Govern[ment] industrial estates through[out t]he country.

[Wi]thout advance factories, [and] the present heavy advance [facto]ry programme, there would [be so]me doubt as to how such [indus]trial development could [conti]nue. For it is central to the [strate]gy of the English Indus[trial] Estates Corporation that [it] build their units ahead of [dema]nd, and equally central to [Gove]rnment thinking that the [factor]ies going up now—while [dema]nd is static—will be well [suite]d to their purpose when [they] are occupied.

[Bas]ically, advance factories [are s]hells built on a steel frame [with] unit construction, where [the u]nits can be multiplied to [meet] the customer's initial [need]s, and further extended [shoul]d there be a need. They [are n]ormally single-storied, with [vari]ation in height for further [flexi]bility, and with standardised [toilet] blocks for attachment to [...].

[Va]riations in cladding, and a [varie]ty in the designs offered [throu]gh the Corporation, ensure [that] monotony on the industrial [estat]es is kept to a minimum. [In a]ddition low-rise building [mean]s that the modern factories [do n]ot dominate the landscape [in w]hich they are sited.

[Th]e proof of this modular [build]ing is in the eating. Start[ing w]ith a basic module, with all [servi]ces and facilities provided, [score]s of firms have taken the [oppo]rtunity to expand their [fact]er accommodation up to the [limit]s of the land available. [Flexi]bility and expansion are the [key,] giving a diversity of indus[try t]o the areas which need it, [and] the opportunity for small [ente]rprises to thrive.

Small enterprises have also been encouraged by the creation of terrace-unit nursery factories. Here an enterprise will start in one and, should it thrive, be able to expand sideways into a neighbouring unit. Should further expansion become necessary, the firm can then move into a larger, new factory where opportunities for even further expansion are available.

One might expect that the modular approach to the advance factory programme leads to a limitation in the final size of the plant. However, the larger types of advance factory start with a working area of some 4,500 square metres, against the unit area for the terrace units of 255 square metres.

At least four variations of advance factories are available on Corporation sites, using the full design power the Corporation can draw upon, and suitable for industries ranging from clothing, through engineering, to electronics. They are similar in design and concept to those non-custom built factories now under construction in the new towns, and the Corporation pays a similar regard to landscaping.

Gateshead, where it all started, cannot be said to be the Venice of the North. Yet, from the forward-thinking architecture and landscaping which started there has come a tradition of aesthetically pleasing industrial architecture which had proved satisfactory to many tenants.

Emphasis

Within the factories, the emphasis is on the fullest headroom with the minimum of obstruction in the way of pillars, to give as much work space as possible. Entrances and exits are also built in to ensure that there are no difficulties of access. The attention to the working environment in the modern factories also reflects the humane roots from which the current Government-sponsored factory programme has sprung.

At some stage, though, the tenant or purchaser must come into discussion to establish what detailed variations they may need in a standard design. Here, again, is the strength of the Corporation. Architects, surveyors, engineers and designers constitute their design team.

For the industrialist, his team will comprise production and other experts. Together, the remaining problems can be sorted out and, as important to the success of the Corporation, what has been learnt from such meetings can be incorporated into their future design programmes.

The design of advance factories does not, of course, remain static. New materials and techniques are used as they become available, but standardisation at any one time allows for the units to be erected as cheaply as is commensurate to conform with the building and factory regulations.

R.B.

Aim is to attract new industries

THE MAP room at the English Industrial Estates Corporation's headquarters shows at a glance how the Government's policy of building factories for manufacturing industry to combat locally high unemployment is spreading to a surprisingly large number of locations through England, Scotland and Wales. A policy which when it began in the 1930s was to help the intractable areas of heavy industry and high unemployment (principally south Wales, Scotland, and the Tyne-Wear area) has now been fine-tuned to the point that it can inject one or more advance factories at short notice to solve a local problem.

There is now, for instance, a chain of Government factories through north Devon and Cornwall, areas which used to be well outside the scope of the Government factory builders. This month it was announced the Corporation is to build five advance factories in rural north Yorkshire to create new job opportunities and to help prevent the migration of young people to the cities. The future programmes of the three Government factory-building agencies all include plans for siting industry in areas where the Government has not given such direct help before.

Three new tasks face the agencies in the pursuance of future regional development programmes in the U.K. They will be in addition to the central job of cracking the major unemployment problem in the assisted areas by the encouragement of sizeable concentrations of new industry.

The first new task is being tackled in a small way. It is the provision of city centre factory units to help a number of cities to stay alive.

The second is the probability that the agencies will be required to look seriously at ageing industrial premises—cotton and woollen mills are typical examples—to see whether they can be managed on the Government's behalf, refurbished and made sufficiently attractive to provide accommodation for new industries. The accumulation of ageing industrial premises is becoming an acute problem in many of the regions which have strong industrial traditions. This may be one way towards solving the problem and making a contribution towards clearing up the mess of industrial dereliction.

The third task is to help the small pockets of local unemployment that exist, by judiciously placed advance factories, and to extend that approach by co-operating with the Development Commission responsible for helping rural areas.

All of this is rather a long way from the earlier and simpler approach of the Government factory agencies which involved providing neat estates of factories and to build bespoke factories for companies on those same estates. Working in city centres, and attempting to solve the intractable problems associated with making suitably modern industrial premises out of old building shells, are new ventures. Operating in rural areas where the danger of depopulation is more of a reason for a Government advance factory than any acute unemployment problem is equally novel.

But they are all aspects of providing Government factory premises which must be fully explored during the next few years if the more sophisticated regional policies now being attempted by central Government are to be given a fair chance.

An example of the way in which the factory agencies are being drawn more into the mainstream of the Government's industrial regeneration policies is to be found in current discussions taking place between the agencies, the British Steel Corporation, and the National Coal Board. They are intended to smooth the path for the provision of new factories and jobs in areas where the development plans of these two major nationalised industries involve redundancies at old steelworks and pits. The national factory building programme is being geared up to make provision for new work ahead of redundancies in the regions caused by changing industrial needs. The BSC, the Welsh Development agency, and the Welsh Office are co-operating to inject new work into Ebbw Vale in advance of the closure of steel production at the BSC works there. In several mining areas advance factories are being established in pit villages where the coal seams have only a short working life.

Regional

Among the more powerful figures administering the Government's regional policy are the regional industrial directors of the Department of Industry. They press the cases for their regions having new factories on specific locations. The English Industrial Estates Corporation and the Scottish and Welsh agencies then build the factories. In practice the building agencies often lend their professional expertise in helping the regional industrial directors prepare their cases for final decision at the Department of Industry in London. The way the factory building programme is being balanced against needs in many parts of Britain these days can be shown by the break-down of factories planned or under construction.

The Northern region has been allocated 42, the North West 35, the South West 11, Yorkshire and Humberside 30, the East Midlands 3, and the rural areas will get 16 under proposals by the Development Commission.

Government factories provided under the Industry Acts and previous legislation are all within the Assisted Areas and must be either to create ad[ditional] employment or, in c[er]tain circumstances, to re-ho[use] operations already in busin[ess] where the existing premises a[re] unsuitable. The standard [con]struction usually ranges in [size] from 10,000 square feet [to] 50,000 square feet and [the] agencies make a point of bui[ld]ing them on sites which all[ow] for expansion. There are a[lso] some nursery units of 2[,500] square feet to 5,000 square f[eet] available and there will be m[ore] in that class as the new p[ro]grammes of city centre bu[ild]ing are developed. The agen[cies] are always ready to build t[o a] customer's specifications if [the] Government sanctions [the] scheme.

A useful summary of [the] opportunities available to [in]dustry from the Governm[ent] factory scheme is contained [in] a Department of Indus[try] booklet called *Incentives [for] Industry in the Areas for [Ex]pansion*. The Department poi[nts] out that rents for Governm[ent] factories are based on curr[ent] local market values and [are] usually below those in the M[id]lands and the South East [of] England. Another facet of t[he] industrial incentives package [is] that a factory may be provid[ed] rent-free for the first two yea[rs] when that can be justified [by] the number of new jo[bs] created.

The Government factories [in] the British regions can also [be] bought on a 99 year lease p[lus] ground rent at the distr[ict] valuers' valuation of the lan[d]. The aim of the build[ing] agencies is to re-cycle pub[lic] money made available for t[he] factory building programme [to] that end selling factories is [a] useful complement to the re[n]tal system. However, man[y] industrialists prefer to rent b[e]cause it gives them flexibili[ty] to move to bigger premises [or] even another region shou[ld] their business call for chang[e].

R.F.

40 years of experience

THERE ARE 340 industrial estates in the U.K. managed by the English Industrial Estates Corporation and, since last year, by the Scottish and Welsh development agencies to provide job opportunities through Government factories. That represents the biggest industrial building programme ever seen in Britain.

It is the more remarkable because the developments are confined by statute to the officially-designated Assisted Areas of the west, Wales, and the north. Mr. Walter Bevan, chief executive and secretary of the English Industrial Estates Corporation, explained: "We build to provide jobs where they are needed and so, by definition we build very often where commercial developers of factory estates would not care to risk their money."

In spite of the necessity of siting Government factories where unemployment is high rather than where communications and access to markets are best, it is estimated that some 1,300 companies are based in the Government factories. For many years the estates have acted as seed-beds to enterprise.

Mr. Horace Heyman, chairman of the English Industrial Estates Corporation, is an industrialist who built up his own business, Smiths Electric Vehicles, on the Team Valley Estate, outside Newcastle upon Tyne. That is the biggest of the Government estates and the site of the headquarters of the Corporation. "Having been a tenant here and having started in a very small way I would say that an industrial estate offers great advantages," he said. "While managing a growing business you can move easily from factory to factory while keeping the same address and the same labour force."

The stability of the labour force on the estates and the loyalty of workers to estates—sometimes overriding their loyalty to individual employers—is an important factor in estates development. A few companies complain that, by being upon an estate, they lose labour to their neighbours. But more often than not the fact is that they lose it because of their own shortcomings in pay and conditions. The truth of the labour pattern on the estates seems to be that the best companies act as bell-wethers to the management flock. The conditions and standards they set, and sometimes the pay rates as well, tend to be followed by the other companies in order to arrive at a stable labour local situation.

The history of the U.K.'s Government factory programme runs parallel with the evolution of the nation's regional development policies over the last 40 years. In both areas of economic management British techniques are acknowledged to be among the best in the world.

Depression

In 1934 Britain was emerging from a severe trade depression but the older industrial areas such as Tyneside and County Durham — areas welded to mining, steel, and heavy industry such as capital plant and shipbuilding—were not recovering at the same rate as the rest of the country. More than four out of ten of the working population of Gateshead were unemployed. The result was that the Government appointed two commissioners for the depressed areas of Scotland, and England and Wales respectively. A year later a Mr. Sadler Forster wrote to The Times setting out the advantages of providing in areas of great need some ready-built factories, together with the kind of services already to be found on some British trading estates run by commercial companies: a good example being the prosperous Slough Estate. Mr. Forster was to become chairman of English Industrial Estates Corporation and be knighted for his services.

In 1936 the concept was translated into reality when the first Government trading estate was announced on a 700-acre site at Gateshead. That was the start of the Team Valley estate, which is still the biggest managed for the Government and emerged as the headquarters of the English Industrial Estates Corporation.

By the outbreak of World War II, 1m. square feet of factory space had been occupied on the Team Valley estate and more than 4,000 people were employed there. Refugees from the Nazi regime were running 20 of the factories. At the end of the war the 1945 Distribution of Industry Act made the Board of Trade responsible for the proper distribution of industry and the financing of Government-backed industrial estates companies.

By 1960 the company called North Eastern Trading Estates, which had been set up to run Team Valley, was responsible for 38 industrial estates and sites that were being developed all over North East England. What had begun on Tyneside to alleviate a special situation of acute unemployment was spreading into a national movement. The company was administering 12.5m. square feet of factory space and its tenants were employing some 60,000 people. Four other industrial estates companies set up by the Government were by then also administering estates in Cumberland and on Merseyside, in Wales, and in Scotland.

At that point the Government welded the whole movement into a national entity by forming the English Industrial Estates Corporation to manage the English factories and continue a building programme, with similar corporations for Scotland and Wales. The Local Employment Act of 1960 also took regional policy a step forward, in liaison with the factory programme, by providing that Industrial Development Certificates for new manufacturing plants should be issued with particular regard to the needs [of] providing employment in t[he] development areas of Brita[in]. In practice this meant that [an] IDC should not be issued o[ut]side a development area unle[ss] the project could not reasona[bly] be undertaken within one.

Last year another impor[tant] change took place in the org[ani]sation of the government f[ac]tory movement when [the] Scottish and Welsh develop[ment] agencies were created to fo[ster] industrial development in [their] two countries and to [work] closely with the newly-fo[rmed] National Enterprise Board.

The Government too[k the] view that the two new age[ncies] should be responsible for [the] factory building programme [in] their countries so that they [could] be dove-tailed with the agen[cies'] industrial strategies. In [both] countries the matching of job opportunities wi[th the] closure of old industries is going to be of maj[or con]cern for some years t[o come].

The Scottish and [Welsh] agencies have taken o[ver the] work and staffs of the industrial estates corpo[rations]. The result may be a mo[re com]petitive spirit between the agencies towards a[ttracting] industry into their are[as, which] promises to be an inte[resting] experiment.

The Executive's World
EDITED BY JOHN ELLIOTT

n a second article on the Littlewoods Organisation, **Elinor Goodman,** reports on the company's etailing turnover in mail order and chain stores which totals £470m. a year

Two distinct routes to retail growth

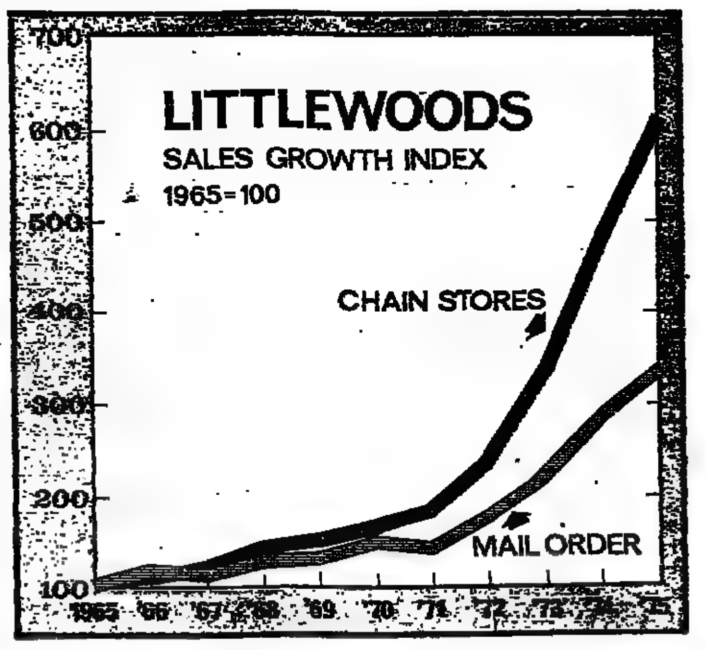
HE LITTLEWOODS Organisaon is one of Britain's top ten tailers with a turnover of 170m. a year. But, unlike some its competitors in the High reet big league, such as Woolorths and Marks and Spencer, is split into two distinct erations — mail order and ain stores. The mail order ision is the bigger of the o both in terms of profits and es. But it is the chain stores ision, with about 100 shops, ich has grown faster over the st three years.

In terms of the number of ops, the Littlewoods chain re business is on a par with nearest competitor, British me Stores. But it is still mpered by having some small shs — six out of a total of abt 100 are under 7,000 square fee sales area, for example. Theaverage Littlewoods has a salearea of 23,000 square feet and 75 per cent. of the size of a average for British Home Store though new developments like one in Glasgow, go a large as 100,000 squarefeet. Despite the smaller shops, however, turnover is about the same as BHS, partly because f the different product mix — Littlewoods, which after the war sold more food than anything else, still sells more of the high-turnover food lines than BHS. Net margins in Littlewoods are probably less han in BHS because of the cost of its new opening programme —currently running at about six new stores a year, though it has more freehold properties than most publicly-quoted retailers.

High Street

But it is only relatively ecently that Littlewoods has ecome a significant force in the High Street. In 1970, for xample, sales were running 25m. behind those of BHS with nly eight fewer stores. The roup lacked any firm national mage with shoppers and was till far stronger in the north han in the south in terms of overage. Partly as a result of his geographical unevenness nd partly because, like Woolworths, it had so many different izes of stores, shoppers in ome parts of the country did ot always know what a Littleoods store was.

Then in 1971, it was decided test the viability of cutting oth the range of goods offered d the gross margins in six ores. The pilot scheme was a ccess and in 1972 the exercise s repeated nationally. Gross argins, which have since been duced a further 3.5 per cent., re cut by 2.5 per cent. At the me time, slow selling lines e toys and fancy goods were opped from the stores. erall, the range was cut by hird and far more emphasis s put on promotion.



Growth of Littlewoods chain store sales—from shops like one in Brixton in south London (right)—has outpaced its mail order business in the past ten years.

Planned selling was introduced and the individual branch managers were given less autonomy over the proportion of space given to particular lines. Big selling lines, like tights and ladies knitwear, were given far more shelf space than before and the buying department was encouraged to buy in depth those lines which it thought would sell well, rather than tending to stock a wide but shallow range.

Despite these changes, Littlewoods' image in the High Street is still weaker than some of its competitors, particularly in the South where it is still represented in only a relatively few towns. Though there might seem to be a gap in the mass-market variety stores for a chain aiming somewhere below BHS and above Woolworths, Littlewods says that, like BHS and Marks and Spencer, it wants to offer "value for money" and to be seen doing it. It denies that its appeal is more downmarket than BHS but both its stores and merchandise seem to be more successful in conveying low prices than quality.

Compared with Marks and Spencer, Littlewoods stores are deliberately a little cluttered: the counters are higher and the aisles between them narrower. By comparison with some of its chain-store competitors, its prices seem cheap, though Marks tends to use more expensive fabrics, and sell far less imported clothes. Similarly, the styles in Littlewoods, as in BHS, tend to be aimed even more squarely at the mass market than Marks' slightly middle class look: thus Littlewoods continues to sell more mini-skirts than its competitors. In some areas, there is more emphasis on youth and fashion than in Marks: the styles that Littlewoods sells, though bearing no resemblance to current Kings Road fashions, tend to be more extreme than those in Marks and the colours brasher.

The company says the emphasis on value has paid off in so far as the increase in volume has more than made up for the margin reduction in terms of profit. But the danger of putting so much stress on price, without building up any other strong image, is that customer loyalty may prove weak if the lower prices cannot be maintained.

Though shoppers may think the value for money in Littlewoods is good now, the group has not for example achieved BHS's established reputation in lighting or Marks' name for quality, although it believes that its reputation is strong in fresh food, hosiery and restraurants.

Catalogues

A similar approach to building volume was taken on the mail order side, which in 1971 was hit a body blow by the postmen's strike. The merchandise in the six separate catalogues has become more standardised even though the separate names for the six catalogues have been retained. There are only marginal differences in presentation and the merchandise is the same in each catalogue, selling under the same Spinney brand name. Learning from the experience of the chain stores, the range was reduced and in 1973 the gross margins were cut by three points. At the same time, the merchandising techniques, which had been shown to work in High Street retailing, were used in the catalogue.

Far more stress was put on displaying prices and more space was given to the big selling lines than the low volume ones while the buyers were told to buy in depth on the volume lines. This may not sound like an innovation but, before 1970, mail order operators tended to give equal prominence to everything in the catalogue and prices were all printed in the same discreet type face.

At the same time, Littlewoods put more effort behind maximising the sales of each individual agent and ensuring that only good agents were taken on to their lists. Instead of dropping leaflets through practically every door in the nation inviting housewives to become an agent, the company used a more selective approach. More recently, with the escalating cost of the postal service, Littlewoods has been building up its home delivery service which has cheaper carriage costs. By the end of this year more than half the merchandise will be delivered by its own fleet of vans from 15 depots.

Since 1970, Littlewoods' share of the total mail order market has grown from under 20 per cent. to nearer to 26 per cent. In 1974, turnover rose by 35 per cent. but last year, like most of the mail order companies, it put the brakes on growth and turnover only went up by 19 per cent. The cost of financing customers' credit is one of the main costs in mail order and Littlewoods cut back their extended credit terms from 50 weeks to 38 weeks. It also stopped recruiting agents so actively and dropped its least effective agents—about 6 per cent. of the total.

Dividends

Both the higher postal and carriage charges, and the £6 pay policy, will hit Littlewoods badly and it will be interesting to see whether it can continue operating on reduced gross margins. If it can, the City may again say that its success is only due to the fact that, as a private company, with no immediate prospect of going public, it does not have to face the demands imposed by the stock market and external shareholders. The company would reply that its low dividend policy and recent good profit performance has allowed money to be ploughed straight back into expansion of its chain store and mail order business.

PARTICIPATION

A prospectus of 'nightmares'

A DIRE warning about the ills that could befall industry and society if current moves for increased worker participation were to "go wrong" has been assembled by Professor Tom Kempner, principal of the Henley Administrative Staff College.

Professor Kempner argues that managements still need to be endowed with authority whatever degree of participation is practised.

He suggests that a stable society, increasing wealth per head, and a greater freedom of choice for the individual are also needed. Otherwise, he forecasts seven "nightmares":

"1—People who should, or might, be leaders and managers give up because the game is not worth it. For example, because differentials are too small, taxes too high, positions of authority are too precarious because of excessive turmoil and near anarchy;

"2—Demands for participation, however defined, are not matched by willingness to accept responsibility;

"3—Governments meddle excessively, thus increasing uncertainty and bringing with it a feeling of the capiciousness of a society out of control;

"4—The discipline of effort and reward is ignored by the state which, for ill defined short-term 'social' (for which read 'political') reasons, subsidies inefficiency and discourages the very changes which are needed to support a higher level of general welfare. Instead of easing the adjustment to new jobs in new industries and areas, overmanning and misdirected investment is paid for by the government:

"5—Jobs in the gift of the state and local government attract too many people and/or with a higher level of talent than in the rest of the economy. These jobs are safer and with better pay and conditions than in the increasingly unsafe private, but controlled, sector;

"6—The shift to collectivisation continues and brings with it all the possibilities of rigidity in the system and helplessness and frustration among its growing number of victims;

"7—Failure to realise that training is essential, if the responsibilities arising out of participation are to be adequately discharged. Dull routine work is not the best preparation for complex decisions."

Prof. Kempner then produces a "spoof" report of a possible U.K. situation early in the next century which shows that workers' councils have taken industry over. Managers are mere technical consultants to the councils with no responsibility and have therefore abandoned any attempt to control the destiny of their organisations.

The "spoof" report continues: "There have been suggestions that if management were permitted to take part in policy making, then they would feel a greater loyalty to the enterprise in which they work—in other words behave with greater responsibility. There is little evidence of this."

The Corporation in Modern Society. Models for Participation. By T. Kempner.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Obligations for repairs

When I have asked for rent of an old cottage I own, I have been told that if I tried to collect, the tenant would immediately apply to the Council for all costs of compulsory repair orders. The tenant has been offered council accommodation more than once and has declined. Can you advise me as to my legal position?

You certainly do have considerable repairing obligations under Section 32 of the Housing Act 1961. You may, however, be able to require the tenant to give up possession on the ground that suitable alternative accommodation is available if you can procure the local authority to certify that it will provide suitable alternative accommodation by a specified date. You would, of course, have to determine any contractual tenancy which may be still existing by a proper notice to quit, and the date specified by the local authority should be such that the accommodation will be available after the termination of the contractual tenancy.

A mistaken deal

I incurred a capital gains tax liability of £598 on a takeover and asked my stockbroker to suggest a "bed and breakfast" deal, in connection with other shares I held. Owing to a mistake, the deal they carried through resulted in an increase in my capital gains tax liability. The brokers have apologised and offered to repay their charges, which I consider not good enough. What do you think?

We think that you may well have a claim against the brokers for the amount of additional capital gains tax incurred, and, possibly, for the initial £598 as well. This will, however, depend on a careful analysis of the transactions between you and the brokers and on there being no express disclaimer of liability. You should consult a solicitor.

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WEDNESDAY, MAY 26, 1976

Tell it to England

WHEN THE Government's Green Paper on Devolution appeared last year it was generally agreed that, so far as Scotland was concerned, it fell between two stools. It neither met the arguments of the devolutionists nor satisfied those who were fearful for the unity of the Kingdom. It envisaged setting up a Scottish Assembly and Executive but bestowed powers on them with such a cautious hand that neither the political nor the economic grounds for action were vindicated. Nationalist sentiment in Scotland was if anything further irritated and the groundwork of perpetual friction between London and Edinburgh was laid.

The alternative

In view of this reaction, the Government was obliged either to withdraw on to more solid unitary ground or to proceed still further in the direction of devolution. The first course was politically fraught with danger, though individual Labour MPs and many Conservatives are in favour of it. Having come so far and promised so much the Government could not have retracted without playing straight into the hands of the Nationalists and, incidentally, causing a disastrous division within the Labour movement in Scotland. It has therefore chosen the alternative and now offers strengthened powers and greater independence for the new institutions of Scottish government.

Mr. Michael Foot's statement to Parliament yesterday removes some of the more glaring internal inconsistencies of the original document. In particular it has whittled away the residual powers of the Secretary of State for Scotland. He will retain his seat in the Cabinet as a kind of Scottish lobbyist but his ability to interfere in Scottish affairs will be extremely limited. He keeps his power to give selective industrial assistance under Section 7 of the Industry Act (as in the case of Chrysler) but the other powers of the Scottish Development Agency are handed over to the Assembly. If the Assembly passes legislation which appears to be outside its statutory field of competence it will be a judicial committee and not the Secretary of State who will decide. The Chief Executive will be chosen on the strict advice of the Assembly, and the Secretary of State will have no role in setting the number or pay of his fellow members. The reserve powers of the U.K. Government—always an unnecessary concept considering the over-riding sovereignty of Parliament—are now viewed in a more relaxed fashion.

All this undoubtedly reduces the potential causes of tension between Westminster and the devolved Assembly, though of course it will not entirely remove them. There is bound to be a prolonged annual haggle over the size of the block grant to be allocated from London to Scotland and the Scottish National Party will presumably make a ritual out of allegations that Scotland has been cheated. But, granted the assumption that if the U.K. is to be preserved some major concession has to be made to Scottish sentiment, then the Government's new scheme makes more sense than the old one or than the half-hearted compromise now adopted by the Conservative Party.

Compatible

It now has to be seen whether a scheme which meets the situation in Scotland is compatible with the political realities in England. The Conservatives and Ulster Unionists will vote against the Second Reading of any Bill on the lines proposed. It will therefore require no more than 20 or 30 Labour abstentions either on Second Reading or at subsequent stages of the legislation to bring the process to a halt. Prolonged filibusters and procedural rearguard actions are also certain. This is a daunting prospect for any government, but particularly for one whose general credibility and staying power have been called in question by other events.

The difficulty can be met not only by a display of the kind of resolution and political sensitivity that have not hitherto been this Government's forte. What is needed is an intense effort not simply on the part of the Prime Minister and Mr. Foot, but of the Cabinet as a whole, to persuade English public opinion that nothing less than the present proposals are likely to maintain the U.K., and that the U.K. is worth maintaining. If these propositions can be established, the unwelcome idea of a referendum in England will lose some of its attraction, and Parliamentary opposition will begin to waver. If they cannot, the outlook for the Government and the future of British politics is stormy in the extreme.

Mixed feelings about employment

ONE CANNOT but regard the latest unemployment figures with mixed feelings. The point is that the underlying trend of unemployment, which was still rising fairly steeply until February, actually fell slightly in March and rose only slightly in April: since notified but unfilled job vacancies had been rising gently since the beginning of the year, it looked as if demand for labour might have begun to increase at an unusually early stage of the business cycle.

The figures for mid-May make the underlying trend look rather different and less surprising. Unemployment turns out to have risen again fairly sharply while the number of notified vacancies has fallen for the first time since December. The latter fall is not large enough to be significant, and a comparison of the rise in unemployment between the last two three-monthly periods shows that there has indeed been a marked deceleration—due in part to the Government's job creation schemes.

Levelling out

If one takes these latest official figures in conjunction with the last CBI survey of the industrial outlook, which showed a larger proportion of firms expecting a cut rather than an increase in their labour force up to the summer holiday period, one comes to the tentative conclusion that the level of unemployment is probably beginning to level out but has not yet begun to turn upwards. It is reassuring to learn that the usual pattern of the business cycle has not changed. There will probably be a period over the months ahead during which a sharp increase in productivity will help company profits and the level of unemployment will help to reinforce the effect of any voluntary agreement about wage restraint endorsed by the TUC special congress next month.

But it is also the fact that while the underlying trend of unemployment is rising or flat at a high level—the crude figures are falling at present, but for purely seasonal reasons—the Government will find it politically difficult to cut public expenditure further or to announce a firm target for the growth of the money supply that means something more than the vague reference to monetary growth made in the Budget speech. It may be argued that there is no need to cut public expenditure while unemployment is so high and that the Chancellor has other considerations in mind than the need to win TUC approval for a new phase of voluntary wage restraint.

Public spending

The two main flaws in this line of argument are first, that further cuts in public expenditure will not be easy to make or quick to come into effect and should therefore be planned well in advance: and second, that the growth of the money supply is unlikely to be kept in check with so large a prospective public sector deficit unless some definite target is publicly stated and adhered to. Despite the recent run on sterling the Chancellor remains reluctant, for obvious reasons, to make a further drawing on the International Monetary Fund of the sort that would have strings attached to it. His best means of protecting sterling and avoiding the need for further Fund assistance is to adopt for himself the sort of measures which the Fund would recommend.

France, Saudi-Arabia and Jersey are changing over to "electronic switching." **Christopher Lorenz** describes the new system.

A big step forward in telephones

THOUSANDS of people in such diverse states as France, Saudi Arabia and Jersey have learned a new catchphrase since the beginning of May: "electronic switching." As far apart as Stockholm, London, and Disney World, Florida, it has also been the focus of three weeks of meetings between top executives in the communications world.

Unlike many other bits of technological jargon, this one is of considerable importance to the general public. As the French Government has demonstrated with its new £530m. crash programme, the electronic switching of calls in telephone exchanges is necessary if the country's archaic telecommunications network is to be modernised, and if—as the President has decreed—two-thirds of the population are to have telephones by 1980.

The day after the French decision was announced, it was revealed that Saudi Arabia was close to a decision on who will supply nearly as much equipment, of similar design, for its expansion programme. And these are only the two latest countries to select electronic switching as the best way of simultaneously modernising and expanding their national telephone networks.

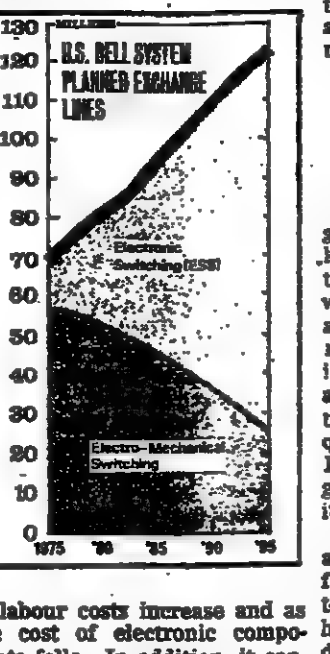
Within a week of the French news, Jersey opened its second electronic exchange, incorporating a more advanced design than anything in the main British network. For Jersey, which surprisingly has a more modern existing network than its large neighbour, the attraction is not one of meeting a crash programme. Rather, electronic switching offers considerable savings (if not in first costs, then in the field, on maintenance, for example), as well as high reliability and a wide range of new customer services.

Keeping down costs

The better the established national network, the more difficult it is to justify the cost of just adding new equipment to work with the old. This is one reason why the British Post Office has not yet ordered many electronic exchanges. But the U.S. Bell System claims that the use of electronic switching is already helping to hold down the cost of telephone calls in a number of ways, and it has over 1,000 electronic exchanges in use.

Most telephone users do not appreciate the significance to themselves of how much their national administrations spend on buying and operating exchanges; recent public controversies over "switching" orders have been more about their political and employment implications. But in Britain, for example, exchanges and associated plant now account for nearly half the Post Office's investment programme. So the entry into service this year of a new type of semi-electronic exchange (TXE 4) is good news for all our pockets, as are the P.O.'s plans to introduce a fully electronic generation in the early 1980s.

The alternative would be to continue to buy traditional, electro-mechanical equipment. This is less reliable and is labour-intensive in both manufacture and operation, unlike electronic exchanges. So it will become steadily less economic



as labour costs increase and as the cost of electronic components falls. In addition, it cannot offer such sophisticated services to the user.

So what is electronic switching? How does it fit into the general picture of future communications, as described last week in—of all places—Disney World? And what impact will it have on the world telecommunications market?

Telephone exchanges have two major elements: the switches themselves, and the mechanism which controls their operation and the routing of calls. Traditionally, both parts have consisted of electro-mechanical equipment.

In Britain, the term "electronic switching" is being widely used to describe the new TXE 4 range, though its "electronics" is limited to the use of solid state components in various parts of the exchange. Internationally, the term refers to the use of computer-driven software programmes to control the switching, in place of traditional "hardware." Sweden's L. M. Ericsson has had particular success in getting customers to attach computer-control to existing electro-mechanical exchanges of the "crossbar" variety. But in the majority of computer-controlled exchanges, the switches themselves are basically miniaturised versions of traditional crossbar technology—in which the switch contacts are made by moving parts. Only a few of the very latest public exchanges have no moving parts at all, and are therefore completely electronic.

This contrasts with the more advanced market for privately-owned business exchanges (or PABXs), which are not part of the public network, and which for technical and political reasons do not suffer as many constraints on design innovation. One computer-controlled machine has been on sale in the U.K. since 1972, and others are expected to follow in the next few years.

Customer benefits

Computer, or "stored programme" control (generally known as SPC) of exchanges in the public network offers a wide range of advantages. These are best divided between customer and administrative facilities, though most of the latter are indirectly of advantage to the customer, in terms of quality and cost of service. Basic to both categories are greater reliability and flexibility.

Examples of pure customer advantages are: by pressing a few buttons, you can get calls to "follow" you from office to home (especially useful for doctors); you can "store" the numbers you use most frequently, to avoid having to dial each of them in full; and you can expect more informative and obviously more accurate bills than many telephone companies currently offer.

The real pluses are on the administrative side. Provided it has been written with every eventuality in mind, a set of stored programmes is much more reliable than electro-mechanical controls, which are prone to faults because of dust, lack of maintenance, and other factors.

SPC is more flexible in every way than traditional equipment—for number changing, adding customer facilities, re-routing inter-exchange calls and so on. Instead of having almost to rebuild whole exchanges, a few keys are pressed by a typist, and the software is changed.

One of the greatest administrative attractions is simplified maintenance. The operating company no longer needs teams of engineers in each exchange. Not only does the computer automatically identify faults, but much maintenance can be carried out remotely, several exchanges being handled together on a central site. One of the Bell System's latest large SPC exchanges needs only a fifth of the maintenance engineers as its crossbar predecessor. All this cuts costs, once initial teething troubles are over. One of Bell's rather less advanced SPC exchanges costs less than half as much to maintain as a crossbar installation.

The use of small switches and software controls also saves space: one of the systems being purchased by France, Ericsson's new AXE design, occupies only about a quarter the room of a crossbar exchange. And in the U.S. one large city estimates it could cut the number of exchange buildings from 250 to 60 if electro-mechanical equipment were replaced with SPC.

The capital cost of SPC has hitherto been lower than for crossbar in only the largest exchanges. Even for large installations, some recently-quoted prices for SPC have been very high. But advancing technology and inflation are altering the balance in its favour, and Ericsson claimed at its Centenary Symposium in Stockholm this month that its AXE is cheaper on first cost for exchanges with more than about 5,000 lines—which is relatively small. In any case, the crucial calculation is the combined first and after-cost.

The advantages of SPC have become even more convincing with the very recent introduction in North America of digital switching. The traditional method of switching, and that still used by most SPC exchanges, keeps open a separate path for each telephone call. In other words, conversations are separated from each other in a "spatial" manner.

Digital pulses

In a digital exchange, the voice wave is transformed into a series of on-off pulses, and parts of each exchange can handle several of them on the same path at once, divided only by time. This brings a double benefit: even less space and more capacity than other SPC exchanges. Digital switches are even smaller than miniaturised crossbar, they are faster, and a "time division" switch can handle far more calls. Chicago and New York will together need only 14 of Bell's new ESS 4 digital trunk machines to handle projected traffic in the year 2000, whereas they would need 58 crossbar machines.

Digital switching will only reap its full technical and economic potential when it is no longer necessary to convert the traditional form of transmission into digital pulses. In the interests of quality, capacity and economy, Britain, France and

A Northern Telecom new digital switching system being tested in the laboratory.

Bell in the U.S. have pioneered digital transmission. The growing use of telephone lines to carry computer data, which is coded in an on-off, digital manner, has added further impetus to this process.

Probably the first telecommunications manufacturer publicly to announce a comprehensive programme of digital equipment is Northern Telecom, from Canada. At a seminar last week in Disney World, it was notable that Northern's executives laid most emphasis on the cost-saving advantages of digital switching and transmission, rather than the prospects for new customer facilities. They stressed that digital technology could be spread gradually through the network, and that the pitfalls of integrating the new with the old could be avoided.

For both telephone administrations and equipment manufacturers, SPC has presented a formidable challenge. The cost of developing Bell's range of electronic switching systems (ESS) has already topped £280m., and it has the unique advantage of a large, standardised market. Ericsson expects to spend over £55m. developing its AXE alone. But it is a challenge of quality, as well as quantity. Apart from the upheaval in the factory required by SPC (and described in the Financial Times of May 13), every company has found it difficult to develop software expertise quickly enough.

Another change is on the international market. The flexibility of electronic designs and software controls make it easier—given the necessary development outlay—to adapt exchanges to a wide range of different national telephone networks. Traditional competitive barriers have already started to crumble, certain established manufacturers have broken into new markets (pre-eminently Northern Telecom in the U.S.), and new competitors have emerged from other sectors of the electronics industry (Philips is the best example).

So the complete impact of "electronic switching" has already been considerable, and will become even more so in the next ten years. It opens the prospect of a whole new range of communications services, at prices which are unattainable to-day.

Mobile 'phone system

At the Stockholm meeting, for example, a paper from Dr. W. O. Baker, President of the U.S. Bell Laboratories, talked of a high-capacity mobile telephone system which could serve the nation's fleet of over 90m. motor vehicles.

Those who doubt the need for such innovation are most likely to be persuaded by the argument that electronic switching will improve the quality of basic communications and keep down its cost. No one would disagree with Mr. Robert Scrivener, Northern's new chairman, that "the telephone industry has to find ways of doing everything better and more cheaply."

MEN AND MATTERS

Donaldson's way up

Scotsman James Donaldson is probably the second youngest vice-president Ford has ever had, quite an achievement when you consider the man who became a vice-president during the war in his mid-twenties was Henry Ford II himself. It was announced yesterday that Donaldson, at 33, takes over as one of Ford of Europe's 19 vice-presidents and he will be in charge of car product planning across the whole continent.

For a while, the U.K. was rather under-represented in that important grouping, with Walter Hayes, heading public information, being the lone Briton. Now there are two others, Bill Hayden (manufacturing) and Ron Mellor (car engineering). Donaldson takes the place of Eric Reickart, an American.

The new vice-president is closely identified with Ford's major push after the summer into the small car market with the new Fiesta range. This will more or less be in the same street as Volkswagen's Polo or Renault's 5, featuring rear tail gate and front-wheel drive.

Emphasising as a Ford spokesman put it last night that "Europe is a very small place these days," the Fiesta is very much an integrated European design, which in turn means a Donaldson project. From 1969 to 1971 he headed a European "task force" which made a small car study, and after a couple of years in marketing and sales, he became product planning manager for the new Fiesta. Last March his job was expanded to cover the whole car range.

An affable man, suitably described by a colleague as possessing "enormous drive," Donaldson has been with Ford 12 years. He started as a graduate trainee before moving on to be a product analyst on the company's large car programmes, experience which should ensure he keeps an all-round view even if the group does tend to get pre-occupied this year with the beauty of smallness.

Timely to boot

David Henderson must be granted a good sense of timing. There was our Concorde proudly landing on American soil—and there was Henderson, professor of political economy at University College, London, lambasting the project's wastefulness. He saw it and the choice of the advanced gas-cooled reactor instead of the light water reactor for the nuclear power programme as monumental (£4.4bn.) errors in public expenditure decision-making.

Henderson is a kindly 49-year-old Yorkshireman, whose qualifications for putting the boot in at his inaugural lecture before a distinguished audience are considerable. Sandwiched between the academic phases of his life which began with winning an Oxford First at 19, and included an economics fellowship at Lincoln College, Oxford, he has been an economic adviser to the Treasury, the Ministry of Aviation and the World Bank.

His audience, which included Lords Balogh and Kaldor, controversial economic advisers to the 1964-70 Labour Government, managed a few chuckles. Like, for instance, at the story of the so-relaxed World Bank which, while advertising its pleasantly informal working atmosphere, requires employees to complete every Monday a detailed sheet accounting for each hour of the previous working week.

Henderson said he favoured less formality and more personal accountability on the part of officials in advice-giving, and he urged the creation of a new independent body to vet public spending. Controversial, but it was perhaps reassuring to see a few anonymous Whitehall heads nodding discreetly as Henderson hit out at "the unimportance of being right" among the British civil service's measuring rods of talent.

"We have named it, but we're waiting to see if he's dropped from Sir Harold's Honours List."

Klosson's cautious move

Kraig Klosson's impressive new title as chief executive for North America for London and Continental Bankers belies the modest scale of the initial move which the group is making into New York. LCB has been in existence for only three years itself, and though it hopes for great things from its latest development the bank is taking the venture very cautiously.

Klosson will start off as virtually a one-man operation in New York, using office space in the new branch which is to be set up at the end of this year by the main shareholder of LCB, the Deutsche Genossenschaftsbank (usually known as the DG Bank for convenience).

The move, however, reflects the growing ambitions of LCB's shareholders to develop international business. Apart from Warburgs, which helped DG Bank set the operation up in London and took a small share stake, the 11 partners in LCB are all representatives of the powerful co-operative banking movements on the Continent which provide extensive services for the local agricultural and commercial community.

LCB, which has Lord Shawcross as chairman, is thus rather different from the normal run of London-based Eurodollar consortium banks. Technically, it does not fall into that category anyway, since DG Bank holds just over a majority. And George Hoffman, who eight months ago joined Brian Campbell as joint managing director, argues that this gives the bank the advantages of an exceptional homogeneity among its shareholders coupled with access to large resources in major European currencies including the D-Mark and the Swiss franc.

Klosson's task will be to offer the services of the London-based bank to U.S. and Canadian multinational corporations, with an open mind on how the New York base will develop.

Name dropping

A recently formed company in Guernsey has applied to the island's Royal Court to change its name, legal advisers explaining that the two Indian promoters realised they had been "rather over-enthusiastic" in their choice of title. The original was Ramjidayawalka Sons and Co. Group of Engineering Companies Overseas Ltd. The court agreed to let the business call itself the more manageable Ramjidayawalka Overseas Ltd.

Observer

Three in ten young teachers leaving training colleges this summer will find themselves unable to get work. **Michael Dixon** explains how excessive generosity in the past and stringent economies now have conspired to bring this about.

Teachers in an unemployment trap

"THE NATIONAL Union of Teachers to-day confirmed that *about 15 per cent. of teaching* college leavers will be unable to find teaching posts in September."

That announcement, in spite of its up-to-the-minute ring, was issued by the NUT in 1969. It could equally well have dated from the year before or the year afterwards, because around that time the "teacher unemployment scare" was an annual summer event. The warnings from the teachers' unions were as a matter of routine followed by declarations from whoever was Secretary of State for Education and Science at the time that, provided new teachers were willing to go where jobs were available, all who wanted teaching posts could have them. In general, they were, and they *did*.

Since the Department of Education and Science has no power to direct the employment policies of the numerous local education authorities, the summer exercise was presumably a political device intended to chivvy local authorities into taking up their full quotas of new teachers emerging from the training colleges. If so, the device worked.

This year the inevitably hazy total estimates suggest that the proportion of college leavers without teaching jobs will be not 15, but more than 30 per cent, and this time the danger is too real for a mere political device to work.

Admittedly the educational unions continue to rail against a Government policy which exposes education, along with other public services, to the programme of economies in State spending. But it seems significant that the professional bodies have not answered the curtailment of teacher-recruitment with strident and *concentrated* accusations that the Government is thereby "depriving the nation's children." That emotional lever has been *applied continually in the past*, although virtually every research study conducted has invalidated the profession's claim that *smaller class sizes* mean better educational attainments by pupils.

Hard edge

The signs are that the adult unions' protestations now lack the hard edge even of conviction. They must know that, however many young would-be teachers face winter lacking the jobs for which they have been exclusively trained, there is precious little that central *Government can do about it*. Teacher employment has gone beyond the field of national politics and come up against *the stopper of hard, local* economies.

The central Department of Education and Science has had a part in bringing about the current surplus of college leavers, and in theory could be criticised for it. The decision to cut the number of teachers in training was taken, following indications of a reducing birth-rate, *under Mrs. Margaret* Thatcher's Ministry in 1972: and the unfortunate people coming from the colleges this summer mostly did not enter them until 1973.

But in practice, whatever the Department can justly be criticised for, it is not for the present problem of teacher supply. With the training colleges under the control of the local authorities, any central decision to reduce the total output by a considerable amount—and the intention is now to halve the number of college *places from 120,000 to 60,000 by* 1981—necessarily takes time to put into effect. The Department's plans for a gradual diminution in output, *including* the inclusion in the rate support grant of sufficient funds for the local authorities to employ the planned production, seem to have been soundly based on the economic forecasts prevailing at the time.

Events have made nonsense of those forecasts, but that is hardly the fault of the Department of Education and Science. Nor is it the Department's fault that the 105 local education authorities in England and Wales, and the dozen which come under the separate supervision of the Secretary of State for Scotland, have power at the end of the day to decide how many new teachers they are going to support on their area's budget.

If the central Department is proof against criticism, however, many of the local authorities are not. The decisions to leave much of this summer's college crop unused certainly contains an element of tit-for-tat. Over the expansive years when the education service was politically represented as the main instrument of the nation's faith in a rosy future, the service even at local level came to view itself as of supreme importance. The *educators' general refusal* to accept objectives by which their activities might be judged in any short-term sense and their arrogation of priority treatment nettled many local authority treasuries. The treasurers' *memories have become all the* longer as their funds have become short.

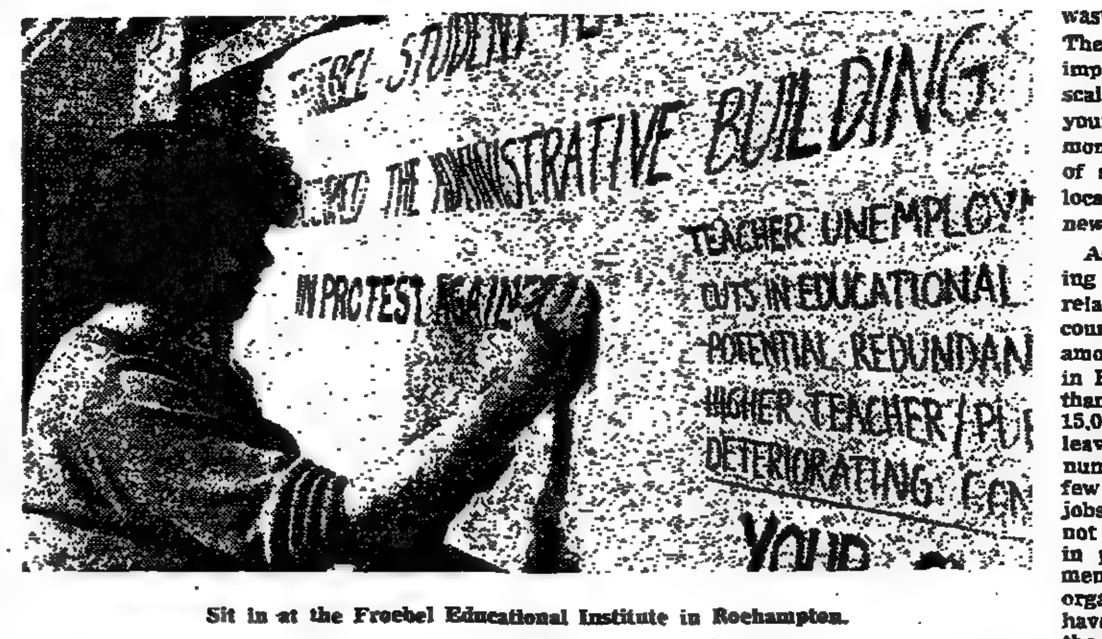
But the ingredient of bureaucratic revenge in the sudden arrest of recruitment is extremely small by comparison with the force of economic necessity. The teachers' unions are far from alone in pressing *local authorities to maintain* employment for their members. The argument for other workers is supported by a growing call for more recently developed forms of local authority service.

It is well known, for example, that wherever a social work operation is set up by an authority, a demand for its services swiftly springs up, and thereafter tends to expand at a rate faster than the authority is *capable of matching*. With the benefit of hindsight, the wholesale establishment of such self-stretching operations, many of which have opulent ratios of middle-management to field workers, may seem a foolish step for a country with limited resources. But that is an academic point in the current *situation*, where the over-loaded social workers have a more noticeable, as well as more fashionable, case for improved staffing than the teachers can present.

The prospects for newly *trained teachers have also been* worsened—wryly—by another decision made in the more hopeful past, which the teachers' unions loudly welcomed. It was the Government's acceptance late in 1974 of the Houghton *Committee's proposals for an* average increase of nearly 30 per cent., backdated to the previous May, to the salaries of teachers other than those in universities. At the time, when the belief was widespread that the big pay rise was no more than was due to the profession, nobody seemed to worry that *it might significantly affect its* fortunes.

In earlier years the teaching force, in which women are the majority, was subject to a large-scale annual wastage of experienced staff. No doubt the plans of the Department of Education and Science for a gradual reduction of teacher-output were based on the heavy rates of wastage prevailing up to 1972. But the Houghton salary award, coupled with the damage rising *living costs have done to* women's hopes of giving up work to have children, has sharply reduced the annual wastage of experienced teachers. The same combination, plus the implications of incremental pay scales which award the mostly young teaching force more *money for each successive year* of service, also strongly deter local authorities from engaging *new staff*.

As a result the existing teaching force of about 500,000 is relatively well off. At the last count, registered unemployment among trained school teachers in England and Wales was less than 1 per cent. *But* perhaps 15,000 of this summer's college leavers and an unspecifiable number of those of the next few years will be denied the jobs they expected. That cannot justly be blamed on anyone in particular. Central Government, local authorities, and the organised teaching profession have all collaborated to pull up *the ladder behind them*.



Sit in at the Froebel Educational Institute in Roehampton.

The teaching unions, to give them credit, seem to have accepted this. Behind their policy of publicly attacking the Government's refusal to exempt education from the proposed economies, these unions have responded to the new teachers' plight by demanding, for instance, that the Training *Services Agency be given means* to retrain surplus youngsters in appropriate, alternative skills. It can be argued that there is no other practicable measure of help available. And while the college leavers' original expectation of guaranteed employment will have hardened the emotional blow of being without jobs, they are objectively no worse off than many thousands of school-leavers and even university graduates are this summer.

But the teaching unions' tacit acceptance of reality has not been matched by the National Union of Students. Predictably the Left-dominated (and directly State-supported) NUS has seized on the jobless teachers as a means to further its long-standing wish to replace the present mixed-economy system with one of a Marxist kind. There could surely be no other intended practical end to the NUS's direction to the trainee teachers to occupy their colleges, a call which student officials already claim has been obeyed already by some 16,000 youngsters in 40 institutions, not all of them among the 150 *teacher-training colleges*. More are likely to follow suit soon.

Revolutionaries

Fortunately, behind the continued policy of promoting the *employment of graduates, no* matter what the corresponding diminution in career prospects for the generally less socially privileged people who leave school at an earlier stage, there undoubtedly lies an official recognition that a large number of unemployed whose life expectations have been boosted by higher education, *could become a ready-made force for* manipulation by revolutionaries. The need to avoid this danger while holding public spending in check, is a severe challenge to Government skills. It will call for practical help from employing organisations, even though they may already be hard-pressed by labour costs. But if the crisis *is overcome the intrusion of* economic reality could well be good for the country's education system.

Letters to the Editor

Arab power structure

From the Ambassador of The United Arab Emirates.

Sir,—While appreciating the motives of The Financial Times in publishing its Survey of the United Arab Emirates (May 10) *and welcoming its continuing in*terest in the coverage of Gulf affairs in particular, and Arab affairs in general, we take strong exception to some of the misleading statements included in the introduction by Mr. James Buxton.

One striking distortion is the sub-heading to that introduc*tion which alleges that the UAE* is "under the suzerainty of Abu Dhabi." This is a completely false interpretation of the constitutional, political or economic structure of the UAE which is based on full and equal partner*ship between all the Emirates*, rich or poor, large or small. Incidentally, such a claim contradicts much of the material elsewhere in the Survey which tends to stress aspects of decentralisation rather than rigid central direction within the framework of the UAE.

May we respectfully point out that the Union was freely entered into by all the *constituent* Emirates and there is no question of "Suzerainty" or hegemony of any kind. There is, on the other hand, a firm commitment by all to work together in co-operation and harmony: to take gradual steps towards fuller integration by general consent and in the interests of all.

This has necessarily meant the broadening of the scope and *activities of the Union govern*ment (which wields executive power under the sovereign authority of the Supreme Council composed of all seven Rulers of the Emirates) and the tackling of political, social and economic challenges common to all.

It has also meant that the richer and more populous of the Emirates are *ipso facto* responsible for a larger share of the burden of Union expenditure and the manning of government departments. To see this obvious necessity as a means used by President Sheikh Zayed to expand "Abu Dhabi's influence in the region" is to imply the existence of motives that are, to say the least, completely without foundation and contrary to the whole letter and spirit of the UAE's constitution. Furthermore, a *closer observa*tion of practical developments within the UAE over the past four and a half years since independence bears out the fact that important issues relating to the future of the Union were debated extensively over long periods of time and resolved strictly in a spirit of unanimity and harmony.

In the light of this well-known background, we find it difficult to comprehend how Mr. Buxton arrived at the conclusion that the Supreme Council "in practical terms really consists of Sheikh Zayed." The author had already referred earlier on to the close relationship between President Sheikh Zayed and Vice-President Sheikh Rashid as being vital in maintaining the Union. Such a relationship, we might add, extends to all the Rulers.

We sincerely hope that the inaccuracies and misrepresentations we have mentioned will prove to be only a temporary aberration in a long record of highly-regarded and balanced reporting by your well-respected paper.

Mohamed Mahdi Al-Tajir.
Embassy of the United Arab Emirates.
30, Princes Gate, S.W.7.

Devaluation tactics

From Mr. Henry Meulen.

Sir,—It is an odd feeling for *me to find myself defending a* Labour Government, but somebody should point out quickly to Mr. Monlckendam (May 22) that devaluation of the pound is not designed to increase this country's prosperity, but as a better means than a credit *squeeze of remedying an existing* imbalance of trade. Either cure is painful, but devaluation is less painful than a credit squeeze because whereas restriction of bank loans chokes down production as well as consumption, devaluation, while making our imports dearer, boosts our exports. The result of devaluation must be a painful rise in general prices here owing to the rise in the cost of imports. But through the boost it provides for our exports it provides a quicker and less painful return to trade balance than does a credit squeeze.

Previous governments have, for well over a century, relentlessly applied a credit squeeze whenever we suffered from imbalance of trade. It is to the credit of the Labour Government that it turns instead to devaluation. As Sig. Agnelli, of Fiat, said recently, it does not make sense to throttle production by a credit squeeze when a country is in a tight position owing to having imported more than it has exported.

Henry Meulen.
31, Parkside Gardens, S.W.19.

Celebration Dollar

From Mr. A. M. Pettifer

Sir,—The currency exchange movements last Friday almost tempted one to discern Govern*ment policy. To help celebrate* the American Revolution Bicentenary the rate must presumably at least once this year achieve £1 = US$1.776.

A. M. Pettifer.
215, Darkes Lane.
Potters Bar, Herts.

The price of learning

From Dr. L. Symons.

Sir,—The "£ devaluation euphoria" *is rightly attacked by* Mr. Gordon Tether (May 19) but in spite of the several telling points which he makes he does *not mention* the grave problems which continuing devaluation against all other major currencies creates for those who have to buy foreign goods or travel abroad but have no corresponding foreign earnings to convert into the home currency to cheapen their domestic purchases.

The reality of these problems is all too readily apparent to those concerned with the financing of universities and other institutions, such as libraries, whose income is pegged by government at well below the rate of domestic inflation, with, it seems, no regard at all for the effects of devaluation. Thus, books, which in the currency of the country of publication have probably doubled in price within two or three years, have trebled or quadrupled in terms of our cash outlays. Since monies available for expenditure have not increased by more than a small percentage, and have been in some cases actually reduced, many fewer purchases can be made. There can be no simple substitution by "buying British" because by their very nature technical books and monographs arise in one country where the work on the subject has been done, and the same goes for other equipment. Our higher education must soon begin to suffer as we fail to "keep up."

Dr. L. Symons.
17, Wychwood Close.
Langland.
Swansea.

Words of wisdom

From Mr. J. H. Brooke.

Sir,—These words of Abraham Lincoln are as apt now as they were 200 years ago: "You cannot bring about prosperity by discouraging thrift. You cannot strengthen the weak by weakening the strong. You cannot help the wage-earner by pulling down the wage-payer. You cannot further the brotherhood of man by encouraging class hatred.

"You cannot help the poor by destroying the rich. You cannot keep out of trouble by spending more than you earn. You cannot build character and courage by taking away man's initiative and independence.

"You cannot help men permanently by doing for them what they could and should do for themselves."

When will we ever learn?

J. H. Brooke.
Broad Oak, Shipbourne Road.
Underriver, Nr. Sevenoaks, Kent.

Organisation of the counties

From the Leader of Kent County Council.

Sir,—How pleasant it would be to be able to see the problems of Local Government in as simple terms as those of Mr. Shepherd (May 21) — oversimplified solutions to over-simply stated problems.

It is of course possible to query the exact form which reorganisation took in 1974 and especially to question the exact split especially in the planning *sphere between the two tiers of* local government. However, this does not mean that all the problems can be abolished merely by removing one of the two tiers. Mr. Shepherd appears to hanker after the solution put forward originally by the Royal Commission, namely that of unitary authorities. However, the unitary authorities envisaged by Redcliffe-Maud were very much bigger than the present *District Councils*: there would probably have been only two in the whole of Kent and not fourteen. I very much doubt whether the present District Councils unsupported by any higher tier of local government would be able to maintain the interests of local democracy against central government.

Mr. Shepherd mentions a staff increase in Kent of 7,000 posts over the last five years, implying that there has been *very little* Member control over this growth. In fact, there has been very close scrutiny by the Members particularly involved in budgeting and manpower control. The increases (some 84 per cent.) mainly arise from the need to man new schools and social services homes or otherwise from new statutory obligations. As far as is humanly possible increases have been concentrated at the "sharp ends" of services rather than in the administration. One cannot escape the effect of population growth and movement merely by willing it or by changing the nature of local government structure. Until recently, also, central government has shown very little willingness to cut down the number of new burdens it has placed on local government and this has been the case both before and since reorganisation.

Even in the Planning sphere, where Mr. Shepherd might have a case in relation to the exact nature of the split in powers, Mr. Shepherd gets his facts wrong: It is not correct that the County staff are merely there to check *that the District Councils are* doing their job properly. Indeed, there is very little checking of Districts by County in this *sphere. The County Council* has a totally different range of responsibilities mainly connected with the Structure Plan and *strategic issues and is quite* content, subject to necessary consultative procedures, to let the District Councils get on with their job as District Planning Authorities dealing with local matters. Inevitably the Planning *division of powers did involve* some increase in staff, but none the less the opportunity was taken so far as possible to *diminish the establishment in* the County Planning Department in Kent—the establishment has decreased by 30 or 13 per cent since reorganisation.

I would suggest that Mr. Shepherd's suggestion that such functions as Planning might be dealt with by direct consensus would probably result in a proliferation of staff not directly controlled by any one authority. This would hardly help the democratic control which Mr. Shepherd wants.

So far as agency is concerned, in Kent this has been used not because the area as a whole is unwieldy but in order to give as much local involvement as is compatible with the necessary minimum of overall control.

John Grugeon.
County Hall,
Maidstone, Kent.

Managing local government

From Mr. D. Senior.

Sir,—I cannot let pass without protest Mr. Rogaly's *assertion* (May 18) that the last Conservative Government "*took Mr. Senior's proposed two-tier (local government) structure, modified it to suit local political taste, and enacted the 'reform' that* came into force two years ago."

That "reform" was in no sense based upon my proposed *structure*: indeed, with the curious exception of my most questionable unit (Humberside), it completely disregarded—and in almost all parts of the country flatly flouted—the principles on which that structure was based. The fact that both involved two *tiers is beside the point: it is* perfectly possible, indeed all too easy, to devise a two-tier system that is infinitely worse than the largely *unitary structure* proposed by my colleagues on the Royal Commission. We had one in the counties before the 1972 Act was passed: we have another now: and in saying this I do not retract one syllable of what I said in my dissenting memorandum about the defects of my colleagues' proposals.

At the same time I would like to congratulate Mr. Rogaly on four welcome features of his article. He drew attention to the inevitably nonsensical results of tackling the management, structure, finance and functional *scope of local government* separately, seriatim and in the reverse of the logical order. He recognised that there is no reason why devolution of some areas of executive decision-making should be confined to Scotland and Wales. He emphasised that elected authorities cannot be properly responsible unless they are subject to the discipline of having to raise most of the money they spend—all of it, *I would suggest—except the* minimum grants required to equalise their resources. Lastly, he treated the "we-cannot-undo-it - because - it - was - done - so - recently" argument with the contempt it deserves, and is increasingly getting, even from councillors, chief executives and party *secretaries who would* suffer most from "yet another upheaval."

I cannot, however, agree with Mr. Rogaly as to the likely consequences of "a return to first principles." I see no logical reason why the creation of financially responsible *executive* regional authorities (as distinct *from legislative assemblies*) should lead to "something very like a federation," let alone to the break-up of the United King*dom*. Time was, *after all*, when local authorities raised nearly all the money they spent from taxes (the rates) whose pound*ages they fixed at their own* unfettered discretion, and nobody then feared for the unity of the U.K.

On the other hand, disintegration must ensue from a combination of Scottish insistence on economic autonomy with an *English regional backlash if* the Government persists in thinking exclusively in terms of devolution to national assemblies, in*stead of considering the mani*fold advantages of devolving executive control over regional development simultaneously to elected regional authorities *throughout the United Kingdom* (including Strathclyde and Northern Ireland). This would take all the steam out of both Scottish separatism and English dog-in-the-manger opposition to Scotland's legitimate claims to national autonomy in the educational, social and cultural fields—*not* including the structure of local government. It would also open the way to a great *simplification* of England's governmental structure through the absorption of a welter of ad hoc agencies and the replace*ment of both counties and* districts with a single tier of most-purpose (quasi-unitary) local authorities.

*But "a return to first prin*ciples" requires that the units of English regional government should be—as most of the existing Scottish regions are—plannable entities, coherent in terms of social geography, whose inhabitants can feel some community of interest in a major regional centre. They must not be, as Mr. Rogaly's map suggests, a mixture of "economic planning regions," defined for *the very different* purpose of decentralising the conduct of central government business, with the most disastrous elements in the present local government structure—the built-up areas of Greater Manchester, Birmingham and London each divorced from the rest of its centre's regional hinterland.

Derek Senior.
Birling House.
Birling.
Maidstone, Kent.

To-day's Events

GENERAL

Labour Party National Executive Committee meets.

TUC General Council meets.

Congressional hearing on *decision to allow Concorde to land* in U.S.

Two-day Ministerial meeting of Central Treaty Organisation (*Cento*), *at which Mr. Anthony* Crosland, Foreign Secretary, is host, opens in London.

National Freight Corporation *annual report published.*

Automobile Association annual meeting, Savoy Hotel, W.C.2.

PARLIAMENTARY BUSINESS

House of Commons: Aircraft and Shipbuilding Industries Bill, remaining stages.

Select Committees. Science and *Technology — Energy Resources* Sub-Committee. Subject: Alternative sources of Energy. Witnesses: Department of Energy. Expenditure—Environment Sub-Committee. Subject: Planning Procedure. Witnesses: Department of Environment. Violence in the *Family*. Subject: *Violence to* Children. Witnesses: NSPCC. Expenditure—Social Services and Employment Sub-Committee. *Subject*: Preventive Medicine. Witnesses: DHSS. European Secondary Legislation. Subject: Road Transport. Witness: Dr. John Gilbert, Minister for Transport. Race Relations and Immigration. Subject: The West Indian Community. Various witnesses.

House of Lords: Debate on consultative document A Review of the Water Industry in England and Wales.

OFFICIAL STATISTICS

Construction — new orders.

COMPANY RESULTS

BOC *International (half-year)*, Capper-Neill (full-year), International Computers (Holdings) (half-year). Marley (half-year).

COMPANY MEETINGS: See Page 23.

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COMPANY NEWS + COMMENT

H. Samuel profits up £0.8m. to £8.4m.

ON SALES, including VAT, of £45.29m. compared with £38.02m., pre-tax profits of jewellers and silversmiths H. Samuel rose from £7.56m. to £8.4m. in the year to January 31, 1976 after £2.1m., against £1.73m., in the first half.

Full year earnings are shown to be up from 16.47p to 19.32p per 25p share and the dividend is effectively raised from 4.83p to the maximum permitted 5.3p net with a second interim of 4.3p.

Tax took £4.32m. (£4.11m.) leaving £4.08m. (£3.45m.) before extraordinary credits of £93,000 (£67,000).

The directors say the rate of expansion continues and a number of new branches are either open, or plan to be opened, during the course of 1976-77.

Due to the increase in expenses, earnings for the first three months of the current year did not reach last year's record level. The increase in turnover during May is, however, encouraging and apart from any unforeseeable circumstances the Board considers results for the full year should again be satisfactory.

● comment

The slowdown in profits growth at H. Samuel from 21 per cent. at the interim stage to 8 per cent. in the second six months is a reflection of the distortion created by the pre-VAT sales boom in April, 1975. For the year as a whole, a pre-tax advance of 11 per cent. and sales increase of 19 per cent. (taking in a small improvement in volume) points to a fairly unexciting trading experience, especially as the group must have opened between six and 12 units last year. There is little doubt that, while consumer spending remains under pressure, retail jewellers as a whole face limited growth prospects, though the halving of VAT should offer some boost to sales, and Samuel is optimistic for this year. The shares rose 3p yesterday to 148p where the p/e of 7.4 is well above those of Ratners and Walker while the yield of 5.7 per cent. slots between the two.

INDEX TO COMPANY HIGHLIGHTS

Transparent Paper turns in £0.41m.

AFTER SLUMPING from £757,000 to £12,000 in the first half, pre-tax profits of Transparent Paper finished the 53 weeks to April 3, 1976, at £414,363 compared with a record £1.2m. for the previous year. Turnover rose from £13m. to £15.5m.

Earnings are shown to be down from 10.9p to 2.82p per 25p share. The final dividend is 2.76p net lifting the total from 3.693p to 4.02p.

	53 weeks 1976 £	Year 1975 £
Trading surplus	1,043,524	1,567,611
Depreciation	630,461	662,057
Earnings	414,363	1,201,584
Tax	262,040	597,774
Net earnings	152,023	607,810
Extraord. credit	15,805	—
To Deferred	2,017	4,070
Pref. dividend	9,100	9,100
Interim Ord	66,770	70,948
Proposed final	131,856	130,690
Forward	2,050,521	2,099,324

● comment

A strong recovery in the second half, following the end of destocking, has held Transparent Paper's full-year pre-tax downturn to 66 per cent. The trend is apparently continuing in the current year, with the plant working at full capacity from April. It has not been able to meet export demand, but this should be ameliorated when new equipment, installed under its modernisation and reinvestment programme, comes on stream later in the year, increasing capacity by 15 per cent. So, with improved productivity and demand increasing, a recovery to the 1974-75 pre-tax total looks a strong probability. This expectation is bolstered by the company's decision to pay an uncovered maximum dividend, and the shares rose 6p to 31p where the yield is 12.8 per cent. and the p/e 18.4.

Fine Art expands by £0.5m.

THE RECORD profit forecast by Fine Art Developments for the year ended March 31, 1976, turns out to be £2.77m., an advance of £0.5m. on the previous year. At *halfway the increase was £87,000.*

The directors report continuing substantial growth from the mail order side, and note that sales of non-greetings card merchandise have more than doubled in value in the last two years—they now represent nearly 70 per cent. of total group sales.

Earnings per 5p share have risen from 2.934p to 3.259p. The dividend is 1.1085p compared with 1.0134p net, the final being 0.6585p.

	1975-76 £	1974-75 £
External sales	26,112,443	20,492,497
Trading profit	3,075,415	2,729,615
Investment income	15,079	—
Interest paid	365,987	465,914
Profit before tax	2,767,510	2,263,704
Taxation	1,377,338	1,187,095
Minorities	4,701	4,773
Invest. sale loss	—	110,293
Attributable	1,394,515	965,087
Interim dividend	144,924	126,639
Final	241,276	242,074
Retained	795,231	596,394

● comment

Fine Art has finished the year with a 22 per cent. increase in pre-tax profits despite a £130,000 loss in Australia. Christmas card sales were down by about a tenth in volume terms, but then Christmas cards account for only half greeting card sales, and they in turn for only 30 per cent. of total turnover. In value terms, Christmas card sales were a tenth better. Greeting card sales have been growing overall, but the major growth area is the mail order division, which is giving the group a whole new dimension which is not fully recognised in the share rating. This year should see the group comfortably over £3m. pre-tax, which drops the prospective p/e to no more than 5¾ at 23½p while the maximum yield is 8.2 per cent., and net debt is down to about 4½p per share, or £1.7m., against shareholders' funds of nearly £8m.

Records at Gomme—to pay more

PROFITS, before tax, of over £2m. for the year to end-July, 1976, compared with the depressed £521,000 of the previous year, are indicated for Gomme Holdings, the G-Plan furniture group. The figure for the year 1973-74 was £1.58m.

First-half turnover, up from £8.05m. to £11.27m., and profits at £1.02m., against £224,000, are both records for a half-yearly period—the December last annual meeting was told that profits for the first four months had exceeded those for all the previous year and that demand was keeping the order book full as production increased.

The directors now say that a similar profit to the first half is expected in the second, despite the general economic uncertainty and the recent substantial increases in raw material prices which have been accentuated by decline of the value of sterling.

The net interim dividend is lifted from 1.467p to 1.613p per share, and it is presently intended to increase the final by the maximum 10 per cent.—last year's net final was 3.439p.

	Six months 1976 £000	1975 £000
Turnover	11,268	8,031
Profit	1,108	325
Interest payable	91	101
Profit before tax	1,017	224
Tax	529	116
Net profit	488	108

● comment

The market was anticipating good figures from Gomme Holdings, but the strength of the first-half recovery, and the forecast of a return to profits growth by the year-end was probably ahead of most expectations and the shares moved 6p higher on the results to 101p. With its recent production problems (due to skilled labour shortages) now behind it, Gomme has been able to take full advantage of the upturn in demand which began in the final three months of last year. Sales volume increased by around a fifth, which suggests that the group has increased its share of the furniture market. The group's finance position is still sound—borrowings will probably be unchanged at the year-end at about £0.9m.—and with earnings expected to rise to 14.5p (fully-taxed) for the full year, against 3.5p previously, the shares on a p/e of 6.8 and a prospective yield of 8.4 per cent., have some attraction.

Teacher well on target

IN LINE with the forecast of not less than £2.8m., group pre-tax *profit* of Teacher (Distillers) amounted to £2.85m. for the year to January 31, 1976. This compares with £1.81m. for the previous year which included £0.4m. profit on sale of surplus whisky stocks.

At half-way profit was down from £1.2m. to £0.89m.

Turnover for the year, including duty, expanded from £48.11m. to £55.91m., of which exports accounted for £7.82m. against £7.88m.

The final dividend, on capital increased by the May placing, is the foreshadowed 7.63p, raising the net total from 8.2154p to 9.75p. Earnings per 50p share are shown at 36.4p compared with 18.5p based on capital prior to the placing.

	1975-76 £	1974-75 £
Group turnover	55,905,000	48,104,700
Depreciation	376,200	353,500
Auditors' remun.	15,900	14,400
Directors' remun.	102,400	80,900
Interest	1,354,400	1,085,300
Loan stocks int.	278,600	274,700
Profit before tax	2,853,200	*1,814,200
Taxation	1,369,300	1,061,700
Minority	67,500	17,300
Attributable	1,415,300	735,800
Pref dividend	40,000	15,000
Ordinary	452,500	310,500
Retained	941,000	390,100

* Included £384,300 profit on sale whisky stocks.

● comment

With four price increases in the year Teacher's pre-tax profits are more than double the 1974-75 figure—ignoring the surplus whisky profits. Margins were also up by well over a point to 5 per cent. and, with last month's £1.5m. share placing helping to keep the financing side in check, a steady rise in pre-tax profits seems in prospect again this year. The U.K. market, accounting for over half of turnover, remains weak, but Teacher's has more than held its market share; while, on the export side, continuing problems in the U.S. are being offset to some extent by progress in other markets. Any firm projection for the year is complicated by interest rate uncertainties (about £1m. of last year's charges probably arose from the timing of duty payments) but confidence seems to be expressed in the Ardmore project, where doubled capacity is due on stream by autumn. The shares at 240p *are on a p/e of 6 and a yield of* 6.4 per cent. covered 3.7 times.

SWISS LIFE

At a general meeting of The Life Offices' Association, the Swiss Life Insurance and Pension Company was admitted to membership of the Association.

Freddie Mansfield

Lord Robens, chairman of Vickers, whose annual report is released today.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Bradwall (FMS)	2.21	July 15	2.01	2.21	2.01
Cambrian & General int.	2.0	June 25	1.63	—	5.63
Craig & Rose	17.41	—	15.7	19.51	17.8
Crane's Screw ......int.	Nil	—	0.35	—	0.74
English Natnl. Pref. Ord.	0.84	Aug. 4	0.8	1.5	1.46
English Natnl. Dfd.	0.93	Aug. 4	0.76	1.1	0.94
Fine Art Dev.	0.66	July 1	0.66	1.11	1.02
Gomme Hldgs. ......int.	1.61	July 8	1.47	—	4.93
Edwin Jones	0.91	July 16	0.83*	0.91	0.83*
Thomas Jourdan	0.65	—	0.33	0.65	1.33
Malton Investment	3	July 9	5.90	8	8
Transparent Paper	2.76	—	2.4	4.02	3.7
Reed Intnl.	3.12	Aug. 10	3.11	11.08	10.28
H. Samuel ......2nd int.	4.3	July 9	4.25*	5.3	4.83*
Teacher (Distillers)	7.63	July 8	6.12	9.75	8.22
W'hampton & Dudley int.	1.5	June 30	1.3	—	4.07

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Encouraging start by Fisons

The chairman of Fisons, Mr. G. V. K. Burton, told shareholders at yesterday's annual meeting that the company was now well into 1976, and trading results, notwithstanding the consequences of the Spring weather in 1975, were encouraging so far.

The chairman described the company's financial position as strong, reminding shareholders *that the group had used only* $10m. out of the $50m. multi-currency facility arranged in 1973.

Mr. Burton also referred to the investment build-up in the U.S. The group's investments in Agrochemicals and Pharmaceuticals were not yet contributing significantly to profits and currently were acting as a "diluent of the overall return on investment.

"However, your Board sees the steps that we have taken—not least the acquisition of the Muskegon manufacturing site in the U.S.—as an essential preliminary to the full exploitation of our new products in that most important of all markets," he added.

Protection for King & Shaxson

DURING the uncertain economic conditions of the forthcoming year King and Shaxson, bankers etc., should be fully protected due to an exceptionally large and short portfolio adding substantially to the untaxed reserves, chairman Mr. T. S. Hohler tells members in his annual statement.

Mr. Hohler points out that in spite of a 1½ per cent. rise in MLR a few days before the company's balance sheet, profits for the year to April 30, 1976 were the second highest in the company's history.

As reported on May 14 net profit for the year expanded from £528,365 to £621,143. Dividend is raised from 2.8426p to 3.10386p net per 20p share and a one-for-eight scrip issue is proposed.

King and Shaxson Fund Managers had another good year and the rate of new business has "considerably accelerated," reports the chairman.

Chairman's Statement Page 24

Advance for Huntleigh

Subject to unforeseen developments the Huntleigh Group (engineering and electronics) expected an appreciable advance for the current year in both turnover and profits, chairman Sir Joseph Hunt told the annual meeting.

The outcome in the first half would be an improvement on the comparable period last year and, as was the case in 1975 the second half performance was likely to be better than the first, he added.

To further the growth of the group, opportunities for suitable acquisitions are kept under active investigation. In the event of success in this direction, the directors might well recommend, according to the merits of the case, raising the funds through the capital market, Sir Joseph said.

U.K. Provident progress

Premium income of the United Kingdom Provident in 1975 rose by £2m. to £20.2m. but investment income was unchanged at £15.1m. Claims and expenses were also £2m. higher at £24.6m. so the fund stood at £214m. at the end of the year, compared with £202m. at the beginning.

Annual premiums on new business last year nearly doubled, amounting to £4.2m., against £2.4m. in 1974. New sums assured were £128m. against £80m. in the previous year.

The expenses ratios for the year were 23.2 per cent. of total premiums or 14.4 per cent. of total income, compared with 19.2 per cent. and 10.5 per cent. in 1974. But Mr. S. G. Brooksbank points out in his chairman's report that these ratios are calculated after deducting the costs of relocation to Salisbury.

On investment income, he explains that there was a lower rate of return on money on deposit and *an investment of a* substantial amount of cash in the property development programme.

The policy in investing in North America was taken a stage further and a back-to-back loan was negotiated.

Profit rise forecast by Ofrex

AN IMPROVED outlook, and higher profits in 1976, were confidently forecast by Mr. George Drexler, chairman of Ofrex Group, at the annual meeting yesterday. The company manufactures office supplies, etc.

The outlook continued to improve, he said. Strides were being made to develop sales both at home and abroad—scope for expansion at home was limited so the main effort would be spent in developing business abroad, Mr. Drexler added.

He reported a substantial increase in trade with the U.S. and that products had gained acceptance there. Mr. Drexler said losses were eliminated and the company there was becoming profitable.

Business in Australia was "particularly buoyant and a better return was being obtained on the investment."

W'hampton & Dudley 23% ahead

TURNOVER FOR the half-year to March 31, 1976, of Wolverhampton and Dudley Breweries expanded by 38 per cent. from £11.76m. to £16.26m. and pre-tax profits rose by 23 per cent. from £1.84m. to £2.26m.

Last year's summer set very high targets to meet for the final six months, say the directors, but with no change in the upward *trend of volume sales to date,* they are optimistic of improved results for the second half. Profits for the year to September, 1975, reached £4.21m.

The interim dividend is lifted from 1.3p to 1.5p per 25p share—last year's final was 3.36885p.

	Half-year 1975-76 £	1974-75 £
Turnover	16,257,000	11,756,000
Profit	2,262,000	1,838,000
Taxation	1,176,000	956,000
Net profit	1,086,000	882,000
Extraord. credit*	57,000	103,000
Making	1,143,000	985,000
Preference dividend	1,575	1,575
Ordinary interim	242,231	209,934

* Profits on disposal of properties less tax £57,000 (£77,000) plus profits on sale of investments nil (£26,000).

The directors report that after holding prices steady for a full 12 months, rising costs forced applications for a general increase, which was approved by the Prices Commission and implemented on January 26, 1976.

Building projects are proceeding to plan, members are told. Storage space in the new bottling hall is expected to be used by next December and production should commence in 1977. The programme of improving and modernising the public houses continues.

Near £1m. halfway rise for Stenhouse

MAINLY AS a result of very satisfactory figures from nearly all areas of overseas operations, first half (to October 30, 1975), insurance broking profit of Stenhouse Holdings has increased materially, and this in turn has pushed up the group surplus before tax by £927,000 to £2.99m.

The only significant exception was the U.S., where the opening of new offices and the preparatory work to open others led to higher costs.

In the U.K. inflation and increased competition affected the broking activities. Premium income was up by a satisfactory percentage but operating surplus showed only a modest rise.

Industrial profits were higher, reflecting improvements in the engineering, timber and textile divisions but partly offset by a fall on the jewellery side. Trading conditions, however, remain difficult the directors stress.

The half year's earnings per 25p share are given as 4.13p against 3.02p before a loss on realisation of investments and as 4.11p (2.54p) before extraordinary items. An interim dividend will be declared on July 16. The directors have already forecast a total payment of 3.63p net on capital increased by the 2-for-9 rights issue made in February; this would compare with the 3.3p paid for 1974-75 including an interim of 1.375p.

	First half 1975-76 £	1974-75 £
INSURANCE BROKING—		
Turnover	204,000	146,000
Attrib. Stenhouse	111,000	86,000
Profit	5,134	3,709
Attrib. Stenhouse	2,796	2,020
INDUSTRIAL—		
Turnover	15,000	13,000
Profit	622	566
Group trading profit	3,424	2,395
Finance, etc., costs	434	322
Profit before tax	2,990	2,063
Taxation	1,559	1,066
Net profit	1,431	997
Investment sale loss	8	159
Extraordinary debits	38	[illegible]
Net profit	1,375	632

* Credit.

● comment

Stenhouse's shares have been very strong this year along with the rest of the insurance broking sector and the interim figures do not disappoint. The 38 per cent. rise in broking profits, of course, partly reflects currency changes: North America, in particular, accounts for about a half of premiums and the pound fell by about a seventh on average against the Canadian dollar over the comparable period. The progress has been more limited for domestic broking and on the industrial side; any pick-up in demand for jewellery—about a quarter of this division's sales in 1974-75—is unlikely to make an impact until the next financial year. The group is making no forecasts about the 1975-76 outcome, but the prospective p/e on average capital should be only just into double figures at 107p with an above-sector average yield of 5½ per cent. Meanwhile, liquidity has been improved by about £6m. since last September by the rights and property sale proceeds.

Although there has been some return of confidence in the Stock Market during the past year, interest has mainly been confined to the larger companies and there have been few, if any, smaller companies offering their shares for listing, they state.

In the meantime, a proportion of funds has been invested in quoted securities in order to benefit from the general upturn and to give protection against inflation.

Profit drop at Edwin Jones

A FURTHER fall in the second half leaves the profit of Edwin Jones (Contractors) £58,728 down at £119,961 for the year 1975.

Earnings per 10p share came out at 1.37p against 2.37p and the dividend is held at 0.91347p net on capital increased by a one-for-ten scrip issue.

For the current year the company already has a record order book on hand, and the directors hope that this will offset the still difficult trading conditions.

	1975 £	1974 £
Turnover	2,611,200	2,302,078
Investment income	8,341	[illegible]
Profit before tax	119,961	178,689
Taxation	64,657	[illegible]
Minorities	537	4,477

Bradwall lower at £0.3m.

A decline in taxable profits of £180,000 to £304,000 is reported by Bradwall (F. M. S.) Rubber Estates for 1975. Turnover for the year contracted from £859,000 to £628,000.

The dividend per 10p share is stepped up from 2.0099p to 2.2109p net at a cost of £75,785 (£68,896).

	1975 £	1974 £
Turnover	627,918	858,739
Profit before tax	304,230	484,254
Replanting	39,186	27,022
Tax	140,687	236,728
Leaving	124,375	201,103
Surplus on Staffield	17,364	—
Balance	141,739	201,103
Dividend	75,785	68,896
Retained	65,954	132,207
Tax overprovision	275	22,630
Forward	3,225,373	3,159,144

Staffield Estate was sold for £832,700 in May, 1975, which is a surplus over the 1974 valuation of £47,122. Tax on the chargeable gain will be £29,758.

Thornbers listing aims

Pre-tax profit of Thornbers Holdings, a subsidiary of Pentos, decreased from £190,005 to £57,388 in 1975. The dividend is lifted from 0.65p to 0.715p per 10p share.

There is an extraordinary credit of £158,394, against a debit of £99,273.

It remains the directors' intention to make suitable investments to justify the reinstatement of the listing when the investment climate is receptive to this policy.

ISSUE NEWS

Local Loans up to 11⅝%

The coupon rate on this week's issues of local authority yearling bonds is up from 10¾ per cent. to 11⅝ per cent. The bonds are issued at par and due on June 1, 1977.

This week's issues are:—Kyle and Carrick District Council (£½m.), City of Dundee District Council (£½m.), Renfrew District Council (£1m.), Metropolitan Borough of Sandwell (£1m.), Copeland Borough Council (£½m.), Strathclyde Regional Council (£1m.), London Borough of Wandsworth (£½m.), City of Exeter (£½m.), City of Manchester (£1½m.), Royal Borough of Kensington and Chelsea (£½m.), Cumbernauld and Kilsyth District Council (£½m.), North Bedfordshire Borough Council (£½m.), Mole Valley District Council (£½m.), Lliw Valley District Council (£150,000), Kettering Borough Council (£300,000), City of Manchester (£1½m.), Havant Borough Council (£½m.), Inverness District Council (£½m.), Borough of Ipswich (£½m.), Mid-Bedfordshire District Council (£½m.), Newbury District Council (£½m.), Northamptonshire County Council (£½m.), Oldham Metropolitan District Council (£1m.), Plymouth City Council (£1m.), Borough of Sunderland (£1m.), Inverclyde District Council (£1m.), Sedgemoor District Council (£½m.), Salisbury District Council (£½m.), Lochaber District Council (£½m.).

WEST SOMERSET RAILWAY

West Somerset Railway announces that applications for shares received up to and including May 21 amounted to £80,215. The share subscriptions above the original requirement of £65,000 will make possible the purchase of the two Bagnall locomotives, Victor and Vulcan, on loan to the company, which have recently been offered for sale. The directors have therefore decided to accept the additional applications permitted.

GLYNWED—93.6%

Glynwed announces that acceptances have been received in respect of approximately 93.6 per cent. of the 11,848,636 new Ordinary offered by way of rights at 38p per share, on the basis of one-for-four.

The new shares not taken up have been sold by J. Henry Schroder Wagg and the net premium of approximately 20p per share will be distributed among entitled shareholders, except that no payment will be made for any amount less than £1.

Better trend for Reed in Last quarter

IN THE fourth quarter the rate of decline in profitability has slowed down at Reed International, and the surplus before tax for the year ended March 31, 1976, shows a reduction from £85.4m. to £37.4m.

The fourth quarter produced £10.6m., against the comparable £18.4m. At the operating level the profit was £17m., down £5.2m., with the U.K. contributing £10.9m. (£8.5m.) and overseas £6.1m. (£13.7m.).

Other salient figures from the fourth quarter trading are: U.K. and export sales £168.2m. (£160.7m.) and overseas sales £122.8m. (£97.7m.), net attributable profit £1.1m. (£9.6m.) after tax and minorities: earnings 1p (10.5p) per £1 share.

The final dividend is 5.122p for a net total of 11.0775p, compared with 10.283p. The year's earnings fell from 45.4p to 14.3p.

The year's operating profit fell by £40.6m., with the overseas side accounting for £26.6m. of the decline. After a difficult start to the year signs began to point to an improvement in the paper markets in Canada and the U.S., but later the company was seriously affected by strikes in the British Columbia and Quebec mills.

	1975-76 £m.	1974-75 £m.
Sales	1,063.6	968.6
U.K. and exports	647.2	612.9
Overseas	416.4	355.7
Operating profit	81.5	102.1
U.K.	51.5	45.5
Overseas	30.0	56.6
Interest payable	24.1	16.7
Profit before tax	37.4	85.4
Taxation	21.9	40.0
U.K.	9.3	17.8
Overseas	12.6	22.2
Minorities	2.2	4.3
Attributable	13.3	41.1
Preference dividend	0.2	0.2
Ordinary	10.1	9.3
Extra-ord. debits	2.1	3.4
Retained	0.9	28.2

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See Lex

Fairbairn Lawson to improve

Sir John Lawson, chairman of Fairbairn Lawson, the engineering group, told the annual meeting that the directors anticipated an improved profit situation when they declare the results for the half-year ending July 1.

He said they were encouraged by the progress that continued in all the subsidiary companies; and Flexiform, the office furniture and systems company which suffered a severe setback in 1975 now seemed "well on the road to recovery."

Shareholders approved the proposal for the issue of 300,000 Ordinary shares of 25p to Clabir Europe at 40p per share, which will increase the latter's holding to 1,450,250 shares or 25 per cent. of the Ordinary as enlarged. Earlier this year Clabir, the European subsidiary of the Clabir Corporation of America, acquired 38,000 Fairbairn shares held by Grimshawe Holdings and has since bought 126,250 shares through the market.

Sir John recalled that the Board were advised by Clabir some time ago that it would prefer its holding should not be less than 20 per cent. of the Ordinary so that it could treat Fairbairn as an associate for accounting purposes, but that it was not intended to achieve the level (30 per cent.) where it was required to make a bid under the Take-over Code.

"The Clabir long term objective is growth in the U.S. and abroad and this is in line with Fairbairn Lawson's aspiration of expansion and profit growth," said the chairman.

Alginate spending benefits

IN THE current year, profits of Alginate Industries should resume their past growth if the present trend in orders continues forecasts the chairman Mr. W. R. Merton.

Because of the large capital expenditure of recent years the group has much increased production capacity. It also has sufficient raw materials.

Mr. Merton points out that three-quarters of sales are overseas so that increased costs here are largely offset by the consequently inevitable devaluation of sterling.

Capital expenditure in 1975 totalled £1.5m. and it is intended to spend £1.8m. this year in further additions to capacity, including measures to raise production efficiency.

Orders for the first quarter are up in both volume and turnover, and show an improving trend. Some setbacks have been suffered in despatches because of industrial action at one factory which may have done some long term damage to the company's competitiveness.

Overdrafts increased by some £1m. mainly as a result of the capital spending. This year the directors expect to generate the required funds internally. "In present circumstances it remains the policy of the company to finance future growth without calling upon shareholders for additional capital."

The group accounts for around one-third of the world output of alginates, with its largest market being the textile printing industry.

As reported on May 8, group sales for 1975 came to £10.14m. (£8.73m.) and profit was £1.63m. (£1.71m.). The dividend is held at 12.5p net. On a CPP basis profit would have been £1.28m. (£1.76m.) and earnings 7.47p (12.21p). Of the sales 28 (27) per cent. were in the U.K. and 42 (39) per cent. in the rest of Europe.

At April 30, Moorgate Holdings Company was interested in 1.58m. Ordinary shares.

Meeting, Charing Cross Hotel, W.C., June 17 at noon.

WINDING-UP ORDERS

Compulsory winding up orders against 34 companies were made by Mr. Justice Templeman in the High Court on Monday.

COUNTER-INFLATION ACT 1973

The Treasury have given consent to the declaration by the following companies of dividends of the total amounts specified for the financial years ending on the specified dates:

Croda International Ltd.,	Goole	£2,710,842	28.12.75
Allied Plant Group Ltd.,	London, W1	£42,577	30.11.75
W. L. Pawson & Son Ltd.,	Halifax	£10,770	19.12.75
Wilmot Breeden (Hldgs.) Ltd.,	Birmingham	£782,451	31.12.75
Guest Keen & Nettlefolds Ltd.,	Warley	£21,947,819	3. 1.76
The House of Lerose Ltd.,	Birmingham	£279,612	16. 1.76
Matthews Wrightson Hldgs. Ltd.,	London, EC3	£2,037,071	31.12.75
The Elliott Group of Peterborough Ltd.,	Peterborough	£374,472	31.12.75
Martin-Black Ltd.,	Coatbridge	£367,845	31.12.75
London Brick Company Ltd.,	London, NW1	£2,364,862	31.12.75
G. & G. Kynoch Ltd.,	Keith	£9,231	31. 8.76
The Rio Tinto-Zinc Corporation Ltd.,	London, SW1	£19,804,651	31.12.75
Glynwed Ltd.,	Warley	£4,871,806	27.12.75
Dalkeith (Ceylon) Hldgs. Ltd.,	London, EC4	£4,308	31. 1.76
Marshall Cavendish Ltd.,	London, W1	£900,000	31.12.75
Ash & Lacy Ltd.,	Smethwick	£336,606	2. 1.76
Myson Group Ltd.,	Ongar	£554,472	31.12.75
Minty Ltd.,	Cowley	£21,170	31. 1.76
Electrical and Industrial Securities Ltd.,	London, SW1	£408,675	31.12.75
Green's Economiser Group Ltd.,	Wakefield	£460,358	31.12.75
Smith St. Aubyn & Co. (Holdings) Ltd.,	London, EC3	£677,908	5. 4.76
Thomas Marshall & Co. (Loxley) Ltd.,	Sheffield	£172,743	31.12.75
Cape Industries Ltd.,	London, W1	£2,289,328	31.12.75
Unilever Ltd.,	London, EC4	£38,500,454*	31.12.75
Head Wrightson & Co. Ltd.,	Yarm	£535,771	31. 1.76
D. C. Summers (Hldgs.) Ltd.,	Potters Bar	£95,194	31.12.75
Tern-Consulate Ltd.,	London, N15	£10,769	31.12.75
Bestobell Ltd.,	Slough	£1,536,545	31.12.75
British Home Stores Ltd.,	London, NW1	£7,670,163	3. 4.76
Guardian Royal Exchange Assurance Ltd.,	London, EC3	£15,992,657	31.12.75
Coates Brothers & Co. Ltd.,	London, WC1	£1,177,926	31.12.75
Hanger Investments Ltd.,	Birmingham	£33,511	31.12.75
MacFarlane Group (Clansman) Ltd.,	Glasgow	£288,554	31.12.75
Lesney Products & Co. Ltd.,	London E9	£739,466	1. 2.76
Silentnight Holdings Ltd.,	Colne	£509,776	31. 1.76
Richards & Wallington Industries Ltd.,	Birmingham	£861,489	31.12.75
Gill & Duffus Group Ltd.,	London, EC3	£2,121,231	31.12.75
Hunting Associated Industries Ltd.,	London, W1	£269,240	31.12.75
J. Sainsbury Ltd.,	London, SE1	£6,252,040	6. 3.76
Senior Engineering Group Ltd.,	Watford	£1,081,751	31.12.75
Charles Hill of Bristol Ltd.,	Bristol	£72,068	31.12.75
H. Woodward & Son Ltd.,	Liverpool	£62,769	30. 9.75
John Folkes Hefo Ltd.,	Stourbridge	£792,982	31.12.75

* of which £9,829,304 is not to be paid until further consent.

Published by the Treasury as required by the above Act

Vickers optimistic for ongoing activities

IN HIS annual statement, the chairman of Vickers, Lord Robens, says he is "fully confident" that the many ongoing activities of the group should, in total, do no less well in 1976 than they did in 1975 and that "many will do better."

Assuming nationalisation, however, the group will lose income from shipbuilding, and from BAC for some portion of the year. Given the scale of the profits, especially in BAC, "we clearly cannot expect that compensation monies will produce matching income overnight."

Looking further into the future, the chairman points out that a great deal will depend upon the amount of compensation received.

The scale and spread of the ongoing activities are such that they can readily absorb a good deal of further investment to enhance their already increased earning capacity, says Lord Robens. If, however, a truly "fair" price is paid for the assets now to be taken," then sufficient funds should be available to contemplate a major new acquisition or acquisitions to take us into new, though related, areas of activity."

At the year-end the undelivered value of orders at hand stood at £223.7m. (£221.5m.) for home markets, £128.2m. (£103.9m.) for export markets, and £83.8m. (£40m.) for overseas companies.

As reported on April 23, sales expanded from £264.64m. to £324.9m. in 1975 and pre-tax profits increased from £25.93m. to £34.25m. The dividend is 7.9879p against 7.3513p per £1 stock unit. The total value of exports, including sales to overseas subsidiaries amounted to £44m.

A statement of source and application of funds shows an increase in net liquid funds of £233,000 at the year end compared with a decrease of £8.36m. a year earlier.

Lord Robens reports that further progress was made during 1975 with the policy of reinvestment and acquisition. Investment is now widely spread among activities with growth potential, he says.

In June, 1974, agreement was reached with the Department of Industry for Vickers to take management responsibility for Kearney and Trecker Marwin, manufacturers of machine tools. The agreement involved the injection of funds by the Department and included an option to be exercised by April 30, 1976, for Vickers to take over the company. In 1974 KTM had a loss of £1.4m. but as a result of remedial action it reached a near break-even position in 1975. Agreement was reached earlier this year with the DoI about the form that further capital restructuring should take and, if the proposals are approved by the Courts, Vickers will take a majority holding in KTM.

In view of the increased financial strength of the company, the directors are recommending that the Articles be amended to increase borrowing powers.

The directors have not present intention of exercising the additional powers to any material extent; but they feel it important to maintain as much flexibility as possible in the use of available cash resources.

At a Press conference yesterday, managing director Sir Peter Matthews said Vickers believed the Government wanted to start the nationalisation process "earlier rather than later." He expected the vesting date to be fixed for the Autumn of this year.

As for the current order situation, in most activities the group was busy. Since the year-end another nuclear submarine had been ordered and this would have made up for any fall in order books elsewhere.

Capital expenditure should be between £13m. and £15m. in the present year, as the rate of approvals for projects was accelerating.

Questioned about the increase in Sir Peter's salary from £26,568 to £33,000 a year, Lord Robens pointed to the major increase in profits the group had achieved since Sir Peter took over as chief executive.

Meeting, Millbank Tower, S.W., June 17 at noon.

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Ladbroke set for record

MR. CYRIL STEIN, chairman and managing director of the Ladbroke Group, recalled at yesterday's annual meeting the remark in his chairman's statement that the directors were confident of another record breaking year.

Nothing had happened to make him alter that view "and I can now report that both turnover and profit for the year to date are highly satisfactory," he said yesterday.

To-day's Company Meetings

Berwick Timpo, 79, Wells Street, W., 12. Blackwood Hodge, The Dorchester, W., 12.30. Boosey and Hawkes, Café Royal, W., 12. Bowring (C. T.), Vincula House, E.C., 12. British Printing, 20, Aldermanbury, E.C., 12. Carpets International, 14-15, Berners Street, W., 12. Clarke Nickolls and Coombs, Great Eastern Hotel, E.C., 12. Edwards (Louis C.), Manchester, 9.30. General Accident Fire and Life, Perth, 11.30. London Life Association, 81, King William Street, E.C., 12.30. Lyle Shipping, Glasgow, 12. Marshall (T.) (Loxley), Sheffield, 12. Pearl Assurance, High Holborn, W.C., 12. Sharpe and Fisher, Cheltenham, 12. Southern Constructions, Portsmouth, 12. Stag Furniture, Nottingham, 12. Stanley (A. G.), Orpington, 4. Taylor Pallister, Newcastle-upon-Tyne, 11. Thomson T-Line Caravans, Falkirk, 12. Tilbury Contracting, 26, Finsbury Square, E.C., 12. Uptons, Middlesbrough, 7.30.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims: BOC International, Chown Securities, Greenall Whitley, Marley.

Finals: Brunning Group, Alfred Clough, Copper-Neil, Castings, Walter Duncan and Goodricke, Alfred Dunhill, Feb International, Philip Hill Investment Trust, London and Aberdeen Investment Trust, Moffis Investment Trust, Parkland Textile, Pritchard Services.

FUTURE DATES

Interims:	
Elson and Robbins	June 8
Land and House Property	June 17
Proprietors of Hays Wharf	May 27
Sterling Trust	June 2
Finals:	
Billam (J.)	May 27
Brown Shipley	June 3
Crowther (John)	May 28
Culter Guard Bridge	June 4
Fertleman (B.)	June 15
Fowler (D. and J.)	*June 2
McNeill Group	*May 28
Midland Cattle Products	June 8
Mountview Estates	June 2
New Throgmorton Trust	May 27
Rowlinson Constructions	June 9
Stafiex International	June 7

*Amended.

Confidence at Dale Electric

With the order book of Dale Electric International, manufacturers of electric generating sets, at a respectable level of £9m. including some useful orders from the U.K. and overseas, chairman Mr. Leonard Dale looks forward with confidence.

The order book has, however, not reached the "dizzy heights" of the previous year which Mr. Dale believes was too high and inhibited the group from giving shorter deliveries. Forward planning includes an extension to the main assembly bay at Filey and planning permission has been obtained. Building work will begin shortly.

Overseas, advances in the Middle East, Africa and South East Asia are "particularly gratifying."

As known, pre-tax profit rose from £1,084,749 to £1,588,518 in the year to January 3, 1976. Dividends are up from 4.145p to 4.435p net.

Provincial Insurance loss

The annual report of the Provincial Insurance Company reveals that premiums earned on the fire and accident account increased by £6m. to £40.2m., but claims and expenses rose by £10m. to £43.6m., resulting in an underwriting loss of £3.4m., compared with a profit of £0.8m. in 1974.

The marine and aviation account recorded a profit of £1.9m., against £2.8m. in the previous year. Non-life investment income amounted to £3.8m. compared with £3m. in 1974 and after tax and minorities, the loss on the year amounted to £1.3m.

Mr. P. F. Scott, chairman, points out that 1975 was a bad year for insurance underwriting. He says the fire account is basically healthy but suffered from a number of non-recurring items as well as a markedly heavier claims experience during the second half.

Motor premium rates were increased in January, 1975, but the sharp upturn in inflation made a further more substantial increase necessary in July. Mr. Scott points out that the benefit of this re-rating was only partially felt in the 1975 accounts. A significant part of the motor loss arose from the adverse experience of the substantial moped portfolio.

Overseas, Mr. Scott discloses that the underwriting loss came from business in South Africa and Canada, although the account in Canada showed some improvement last year.

It is the intention of the company to ensure that the overseas account continued to make a "valuable" contribution.

T. Jourdan improves in second half

ON A TURNOVER up from £2.69m. to £3.72m. Thomas Jourdan incurred a loss of £53,776 for 1975, compared with a pre-tax profit of £188,154 for 1974.

When reporting a first half loss of £59,900, against a profit of £145,000, the directors stated that the future looked brighter and that the second half would show "quite an improvement."

The slump in investment by industry continued to hit the engineering companies but good results were achieved by Knightsbridge Design and Corby. All the other subsidiaries are climbing up and the result of much better trading and margins is demonstrated in the reduction of borrowing from £1,016,000 at end 1975, to £630,000 at present, the directors state.

Because of the rapidly improving situation, a dividend of 0.65p net per 10p share is proposed, compared with a total 1.33p for 1974.

Loss per share is shown at 0.36p (earnings 1.99p). The calculation is based on losses of £14,458 on 4,014,890 shares (profits of £77,175) on the weighted average of 3,872,968 shares.

	1975 £	1974 £
Royalties	187,182	157,026
General indust. sales	3,538,025	2,507,971
Total turnover	3,725,207	2,664,997
Depreciation	95,398	92,565
Interest charges	135,997	112,511
Auditors' remun.	18,190	14,353
Directors' emol.	38,678	35,603
Comp. loss of office	7,792	—
Div. int. income	328	278
Profit sale short lease	—	8,228
Pft. sale other fxd. ass.	30,629	1,267
Loss before tax*	53,776	†188,154
Tax credit	39,318	‡110,979
Net loss	14,458	†77,175
Extraord. debit	105,479	—
Total loss	119,937	†77,175
Interim divedend	—	10,604
Final dividend	26,097	13,048

* Royalties £180,132 (£179,825), general industrial loss £245,928 (profit £8,526). † Profit ‡ Charge.

The year was one in which a lot of "cleaning up" was accomplished, which has tended to distort the results, and margins were better than indicated by the results, the directors explain.

The extraordinary debit of £105,479 arises from the transfer in February, 1976, of the interest in Simplon Interline Trading from an intermediate holding company direct to Thomas Jourdan. Goodwill which originally arose on acquisition of the intermediate holding company by Thomas Jourdan has now been written off.

BIDS AND DEALS

Tobacco Secs. forecast

Tobacco Securities Trust Company, the investment trust which is to merge with British-American Tobacco, forecasts that if the merger were not implemented there would be little change in the group after-tax profit for the year to October 31, 1976, compared with that for 1975—£3.3m.

The forecast is contained in the formal offer documents relating to the merger, despatched to shareholders in both companies yesterday.

Details are also given of TST's interim results for the six months to April 30, 1976, which show that gross income is down from £1.93m. to £1.68m., with after tax profits at £1.1m. compared with £1.3m. in 1975.

There is a "modest" increase in income from quoted tobacco shares attributable to more *favourable exchange rates. Income* from unquoted tobacco shares is substantially lower but the fall is expected to be recovered in the second half. The higher figure for general portfolio dividends reflects movements in exchange rates, increased distribution and the continuing switch into equities with a consequent reduction in interest income.

	Six months 1976 £000	1975 £000
Tobacco quoted income ...	698	676
Tobacco unquoted ...	290	446
Other invest. income ...	460	363
Total invest. income ...	1,328	1,485
Other income ...	256	445
Making ...	1,676	1,930
Expenses ...	56	54
Profit before tax ...	1,620	1,876
Taxation ...	319	306
Net profit ...	1,101	1,290

ARTAGEN

The Board of Artagen Properties is sending out shortly a letter to shareholders stating the unanimous recommendation of the directors, excluding the Sun Life representatives, to reject the increased offer of 84p per share from Sun Life.

BAYFINE-HIGHGATE OPTICAL RESULT

The Bayfine offer to acquire the share capital of Highgate Optical and Industrial other than that already owned, has been accepted in respect of 285,217 shares.

Bayfine held before the offer period 1,299,455 shares and has acquired or agreed to acquire 18,590 during the offer period. Of the 285,217 shares tendered to the offer, Bayfine will retain 213,545 making its total holding 1,531,500 (75 per cent.) and Rowe Rudd and Co. will place with their clients the remaining 71,672 shares.

Century Secs.—Alcrafield agreement

The dispute between the chairman of Century Securities, Mr. J. M. Moody, and Alcrafield has been settled. Following further discussions, Alcrafield has agreed to act in a consultative capacity to Century and in return Mr. Moody and his family have *granted options to Alcrafield to* acquire from them all their interest in the issued share capital of Century.

Accordingly, Alcrafield has acquired the right to purchase 75 per cent. of the total family interest at 1.25p per share (570,049 shares, approximately 16.3 per cent.), and the balance of 190,016 shares (approximately 5.41 per cent.) at 7p per share, both options exercisable within 12 months from the date of grant.

The Century Board has been reconstituted, Mr. J. M. Moody resigning as a director and proposing to take up the non-executive appointment of president and Mr. P. J. Moody resigning as a director. Mr. A. S. Alcock, Mr. T. Archer, Mr. C. E. Marsh, Mr. A. A. Payne and Mr. P. J. Sharp have been appointed to the Board, Mr. Alcock also being appointed chairman.

EUROCANADIAN INCREASES STAKE IN FURNESS WITHY

Eurocanadian Shipholdings now has a 23.94% interest in the Ordinary stock of Furness Withy and Co. reflecting the purchase of a further £165,000 stock between May 4 and 21.

HARRISON & SONS LAND SALE

Harrison and Sons has sold 3.7 acres of land adjacent to the factory at Hayes for £225,000 cash. Proceeds will be applied in reducing the company's borrowings.

GENSTAR MONTREAL

Genstar Montreal is proceeding with its previously proposed examination of operations of Abbey Glen Property Corp. which could result in an offer for the whole of the issued capital of Abbey Glen within three weeks. Cadillac Fairview has terminated discussions with Capital & Counties *Property Co. for its 62 per* cent. controlling interest in Abbey Glen.

ASSOCIATES DEALS

Allied Irish Nominees on May 24, bought on behalf of Barrow Milling 410,806 Bolands at 40p.

O'Donnell and Fitz-Gerald bought on May 21, 18,300 Bolands at 40p on behalf of an associate of Bolands.

Allied Irish Nominees bought on May 21, 71,624 Bolands on behalf of Barrow Milling at 40p.

Associates of Barrow Milling bought 1,000 Barrow at 65p on May 21.

SHARE STAKES

London and Manchester Assurance has bought a further 47,000 Deferred shares of British Industries and General Investments. L and M and its subsidiary Welfare Insurance together own 692,300 Deferred (16.79 per cent.).

Reed and Mallik—As a result of sales Damian Investment Trust now holds 407,500 Ordinary shares (11.85 per cent.). Justmace bought 407,500 shares in Reed (11.85 per cent.).

Amalgamated Metal Corporation—Norddeutsche Affinerie has increased its holding by 10,000 shares making its total interest 809,813 (14.32 per cent.).

Holding of Patino N.V. is unchanged at 3.20m. shares (51.43 per cent.).

Mr. R. L. Tanner and Mr. A. G. Whitfield purchased 1,000 Ordinary shares in Orme Developments giving them an interest of 23.93 per cent. each.

Vosper Thornycroft has increased its holding to 820,000 Ordinary shares of Yarrow (20.3 per cent.).

London Indemnity and General Insurance is the beneficial holder of £883,600 Prefd. stock in P and O. This notice is given as the Prefd. stock carries voting rights and it replaces notice given in February 1974 by Jessel Securities that it owns £896,100 Pfd. stock. This notice arrived too late to incorporate in report and accounts just issued.

MINING NEWS

Amax to raise dividend

BY KENNETH MARSTON, MINING EDITOR

THE forecast that 1976 should be a good year for Amax which was made recently by the chairman, Mr. Ian MacGregor, has been underlined by his president, Mr. Pierre Gousseland. Speaking in Paris he reckoned that net earnings should rise by 10 per cent. this year provided that the outlook for copper, lead and zinc improves.

Mr. Gousseland added that he was confident that the Amax dividend would be increased this year. The U.S. mining giant paid a total of $1.75 per share for 1975 out of earnings of $134.4m. (£74.9m.), or $4.43 per share.

Over the next four years the Amax group is to invest $2bn. (£1.11bn.) with half the finance being provided internally and the rest coming through bank loans, said Mr. Gousseland. So far some $450m. (£251m.) has been spent on the new Henderson molybdenum mine in Colorado which is to start production at the beginning of July.

An interest of 8.37 per cent. in Amax is held by London's Selection Trust. Shares of the latter improved 5p to 480p yesterday following news of a better than expected result to the recent rights issue of two new shares at 400p for every nine held. The offer, of 5.1m. shares, has been over 95 per cent. subscribed and the balance of the shares has been sold for the benefit of entitled provisional allottees at a net premium of 43p per share.

DAGGAFONTEIN

The proposed auction of Daggafontein's remaining freehold property is to be held in Johannesburg on June 10. Daggafontein started gold production on the eastern Rand in 1932 and ceased underground operations in 1967. Hopes that part of the mine might have been reopened as a result of the subsequent rise in the gold price were not realised and the company has now reached the end of its days. It has been stated that there is little prospect of any further distribution being made on the shares, the listing of which was recently suspended at the company's request.

ROUND-UP

The Union Corporation group's Leslie Gold proposes to make a further capital repayment of 3 cents (3.2p) to holders registered September 24 next, it being considered that in view of the level of operations the present authorised and issued capital is surplus to requirements. I nthe year to last September, Leslie paid an interim of 18 cents followe dby a capital repayment of 10 cents. An interim of 9 cents has already been paid for the current year. The shares were 48p yesterday.

* * *

Canada's McIntyre Mines earned $1m. (£0.7m.), or 43 cents per share, in the first quarter of 1976 compared with $0.3m., or 13 cents, in the same period last year. Coal production in the latest period amounted to 419,516 tons against 299,043 tons in the first quarter of 1975.

* * *

According to British Customs' data South African gold shipments to Britain, which represent a major portion of the Republic's gold sales, fell by nearly half in March. They totalled 17,357 kilograms compared with 39,046 kg in February and the monthly average of 29,000 kg in the first quarter of 1976.

IDRIS TIN ORE PRODUCTION

In his annual statement to shareholders of Idris Hydraulic Tin, Mr. J. N. Savory says that the company's overall tin concentrate production this year should be similar to that of 1975 which amounted to 400 tonnes. Last year's sales, however, were limited to 335 tonnes by tin export restrictions.

Operations in 1975 were again confined to the high grade southwestern area of the property but part of the activities have now been transferred to the central area where reserves consist of tailings from previous operations overlying virgin ground at depth.

Mr. Savory adds that negotiations have been successfully concluded with a neighbouring mine to allow complete exploration of high-grade ground on the southern boundary. The Penang tin price averaged $M964 per picul in 1975 whereas it has risen to over $1,000 in the current year to date. Idris were 67p yesterday.

Little change at Malton Investment

Gross revenue of Malton Investment Trust for the year to February 28, 1976, was virtually unchanged at £199,895 compared with £201,052 for the previous 12 months.

Earnings for the year per £1 share are shown at 7.9p, against 8.2p, and the dividend is held at 8p, with a final payment of 5p net.

The net profit comes through at £79,495 against £82,037 after tax up from £44,709 to £83,275.

GEORGE DOLAND

Pre-tax profits of George Doland improved from £170,345 to £185,520 in the year to January 31, 1976, and not from £72,656 to £78,000 as inadvertently reported yesterday.

COMPANY NEWS IN BRIEF

ALBERT MARTIN HOLDINGS (clothing manufacturer)—Results 1975 and observations on prospects reported April 9. Direct exports £1,275,000 (£666,000). Group fixed assets £2.25m. (£2.01m.). Net current assets £1.06m. (£1.07m.). Meeting, Nottingham, June 17 at 11.30 a.m.

ALFRED WALKER AND SON (house builders)—Results 1975 reported May 11. Fixed assets £0.44m. (same), net current assets £0.37m. (£0.2m.). Directors have confidence in company's strength and prospects. Meeting, Meriden, June 18, noon.

DENT FOWNES (leather, fabric, woollen gloves)—Results year to January 19, 1976 reported April 29. Fixed assets £450,290 (£421,157), current assets £1.66m. (£1.55m.), current liabilities £0.4m. (£0.39m.). Sales this year lower than previous year. Company being forced to reduce profit margins due to competition—this, increased expenses and wages will have adverse effect in current year but every effort is being made to counteract this by increasing turnover. Meeting, Great Eastern Hotel, EC, June 18, 11 a.m.

ESTATES DUTIES INVESTMENT TRUST — Results year to March 31, 1976 and scrip issue proposal already known. Investments £16.4m. (£14.91m.). Current assets £2m. (£2.85m.), liabilities £0.92m. (£0.94m.). Meeting: 91 Waterloo Road, SE, June 25 at 10.45 a.m.

HOUSE OF LEROSE (clothing manufacturer)—Results for the year to January 16, 1976, reported April 13. Group fixed assets £2.09m. (£2.29m.). Net current assets £2.15m. (£2.58m.). Meeting, 25 Old Burlington Street, W., on June 18, at noon.

P. AND W. MacLELLAN (iron and steel merchants and paint)—Results 1975 already known. Fixed assets £1.18m. (£1.1m.), net current assets £1.36m. (£0.39m.). George Bisset (Industrial Supplies) ceased trading end March—profit on disposal of warehouse and adjoining land will more than offset trading losses and closing expenses. Chairman expects difficult start to 1976 but a steady upward movement in profits as year proceeds, providing inflationary trends continue to be progressively contained and then reduced. Meeting, Glasgow, June 14, noon.

SHILOH SPINNERS (textiles)—Results year to March 27, 1976, already known. Fixed assets £0.94m. (£0.7m.), net current assets £0.7m. (£0.69m.). There are few signs of upturn in U.K. trade and chairman sees no improvement in first half but some improvement in second. Meeting, Royton, June 16, 11.30 a.m.

SPENCER TURNER AND BOLDERO—textile, footwear and general wholesalers (controlled by Anglo-African Finance). Results for year to January 19 already known. Fixed assets £492,359 (£471,895). Net current assets £1.22m. (£1.2m.). Turnover so far lower but main trading period is second half.

VIKING RESOURCES TRUST—Results year to March 31, 1976 already known. Investments £10.76m. (£8.33m.). Directors expect improvement in relative performances of sectors in which invested. Net asset value has risen by 23 per cent. to 56.73p per share. Meeting, Great Eastern Hotel, EC, June 16, 12.30 p.m.

Gerrard & Natl. strength

AFTER THE good results of the past two years Gerrard and National Discount Company is in a strong position to face the hazards that must arise in the current economic climate, says the chairman, Mr. R. G. Gibbs.

He emphasises that a rise in interest rates does not necessarily mean a serious set-back for a discount house: indeed, it can even improve profitability, he declares.

As known group net profit, after a large transfer to inner reserves, increased from £2,515,000 to £2,897,000 in the year to April 5, 1976, the dividend is lifted from 12.178p to a maximum permitted 13.302p net per 25p share and a one-for-one scrip issue is proposed for holders registered on June 17.

Inner reserves, after transferring £500,000 to general reserve, stand at a substantially higher figure than ever before. Published reserves totalled £11.78m. (£9.39m.) and total assets were £760.56m. (£628.99m.).

During the year favourable interest rate movements in the U.S., and thus in the Euro-Dollar market, helped the foreign currency side to make record profits. The share of the market turnover in Euro-Dollar Certificates of Deposit increased substantially, says Mr. Gibbs.

Last March the stake in P. Murray-Jones Holdings was increased from 44.11 to 90.02 per cent. The chairman says he is confident that the further acquisition will be a useful and profitable extension of activities into a different but related field.

Chairman's statement Page 23
See Lex

Elliott Group £11m. contract

At the AGM of Elliott Group of Peterborough Mr. E. L. V. Smeeth, chairman, reported the successful completion of negotiations with Saudi Arabia for the supply and completion of a school building programem with a total value of some £11m.

The contract, which was to commence June 1, would be completed in the early part of 1977 and contribute "substantially" to group profits.

New techniques in production and design were being used, and it was expected the contract would be the forerunner of others of a similar nature in the Middle East and West Africa, the chairman added.

Myson on target for growth

ADDRESSING the annual meeting of Myson Group, chairman Mr. R. E. Myson said that although the best laid plans could be upset by Government legislation and industrial action, he was confident "we will continue to increase our profitability for the current year and a continuing growth of your company in the longer term."

Mr. Myson reported that the current year sales for the first quarter were running at an annual rate of some £40m., which was in line with the projection for the year, subject to the world's economies continuing to improve.

Commenting on the growth in sales since 1969, he pointed out that some of this was accounted for by acquisitions and said these acquisitions were not random but part of the plan to slowly put together a group that could offer a complete package of environmental control equipment.

"In doing this, we have sometimes sacrificed the present for the future, but what we have now achieved is the most integrated group in the environmental control field. The base we have now set up has a manufacturing capability of some £100m. per annum at current prices which should be achieved without further major expenditure over the next few years."

INVESTMENT TRUST COMPANIES

The following is an amendment to the table published on May 21.

Total Assets *less current liabilities* (1) £million	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges at nominal value (6)	Net Asset Value after deducting prior charges at market value (7)	Investment Currency Premium (see note g) (8)
				Pence except where £ stated (see note d)			
	VALUATION MONTHLY						
53.3	Guardian Investment Trust	Ordinary 25p	30/4/76	1.98	92.5	97.7	10.6

هكذا من الأصل

Curb money supply say brokers

By Michael Blanden

N INCREASE in interest rates needed in the U.K. to control onetary growth in the domestic onomy as well as for external asons, says the latest monetary illetin published by stockokers W. Greenwell.

The brokers say of the money pply figures published at the eekend: "It is extremely disrbing that M3 has shown such owth when there has been a n on sterling."

They point out that the growth M3, the money supply on the der definition, in the month to id-April was inflated by special ctors. But it was also *held* ck by the effect of the support erations for sterling.

These produced a flow of sterlg to the Government, reducing need to borrow from the bankg system, and therefore the owth of money supply.

ressures

Over the past three months 3 has been growing at an annual te of 13 per cent., just within e limit of the Government's own aims, but Greenwell says at the substantial outflow from e foreign exchange reserves quired to support the pound nnot continue for very long.

While external pressures might ive triggered last week's 1 per nt. rise in the Bank of England's minimum lending rate, it as necessary to increase interest tes for domestic reasons as ell. . . .

The growth of money supply 1 the narrower definition, M1, hich excludes bank deposit *counts, was exceptionally high* st month. Over the past three onths it has been rising at a te of 27 per cent. a year.

HOME CONTRACTS

WGI Group wins Dow Chemical Co. work

WEST'S CIVIL ENGINEERING (WGI Group) has been awarded the building and civil engineering contract for a plant at King's *Lynn, Norfolk, which is being* developed by Dow Chemical Company to produce agricultural *chemicals. Work will include the* main process and warehouse buildings, storage tanks, cooling *tower, thermal oxidiser,* nitrogen storage area, pipetrack and effluent lagoon.

★

ROWLINSON CONSTRUCTIONS, Stockport, *has won a £1.8m. con-*tract to design and build 195 houses for Bristol Corporation.

★

N. G. BAILEY AND CO., Bradford, has obtained an order *worth about £½m.* in connection with electrical installation work for the oil terminal services at *the new Kilroot* power station in Northern Ireland.

★

INTERNATIONAL RESEARCH AND DEVELOPMENT CO., Newcastle upon Tyne, has been *awarded* two contracts by the Nuclear Power Company (Whetstone) for the supply to the CEGB *of ten high*-temperature, high-pressure, corrosion-monitoring autoclaves (furnaces). The orders, *worth more than £400,000,* cover the design, manufacture, erection and commissioning of the fur-*naces at Hartlepool and Heysham* nuclear power stations. Each station will be supplied with five autoclaves including associated pipework, electrical heating and temperature controls, and moni-*toring* and necessary safety controls.

★

W. H. SMITH AND CO. (WHITCHURCH) has won a £200,000 order to supply 530 tonnes of steel for the Albion Sugar Company's new sweetener plant under construction at Tilbury. The order was placed by the main contractors, George Wimpey M. E. and C.

★

*METAMATIC, Metal Box's pack-*age handling division, has won a contract worth almost £250,000 to *supply all filling line conveying* equipment for loose cans at the new Coca-Cola canning plant, Milton Keynes, the first canning plant in the U.K. to be built and operated by the Coca-Cola Export Corporation. Output from the new £4m. plant is expected to be about 200m. cans a year. *Installation is expected to begin* in the autumn.

★

ICL has received a letter of intent from Petters, of Staines, Middlesex, a Hawker Siddeley company, for the installation of a 2904, ICL's new computer development. Worth about £182,000, the configuration comprises 2904 central processor with 40K of main storage with three FEDS, two EDS 60s, 300 cpm card reader, 300 lpm line printer, magnetic tape controller and four drives. *The new system is epected to be* installed in early 1977.

★

WHESSOE (IRELAND) *has* received a contract worth about £150,000 from Pfizer Chemical Corporation, Ringaskiddy, Cork. Whessoe is to fabricate and erect storage tanks ranging from 30 feet to 112 feet diameter to hold effluent liquor. Over 440 tonnes of steel will be utilised.

★

D. ROBINSON AND CO., Camberley, Surrey, has been awarded a contract worth £130,000 by the CEGB for fault alarm annunciator equipment to be used in its Littlebrook D power station.

APPOINTMENTS

J. Donaldson heads Ford product planning

Mr. James D. Donaldson, who has been appointed vice-president of car product planning, FORD OF EUROPE, joined Ford of Britain 12 years ago as a graduate trainee. In 1973 he became product planning manager for the *new Ford Fiesta,* due to be announced later this year, and in 1975 was made programmes mana-*gar of car product planning,* responsible for the company's overall range.

★

Mr. Basil de Ferranti has been appointed European advisory director of the ENGINEERING EMPLOYERS' FEDERATION. Mr. de Ferranti, who is a member of the EEC Economic and Social Committee, will assist the Federation to represent its views to the European Community and *will* enable it to assess the impact of Community plans and proposals on the *U.K. engineering industry.* This is a part-time post and he remains deputy chairman of *Ferranti.*

★

Mr. William W. Reid has been *appointed commercial director of* AEI SEMICONDUCTORS. Mr. Reid, who has been with the com-*pany for four years, was made* marketing manager in 1972 and in 1975 became commercial manager responsible for all sales and marketing.

★

Dr. Hans Peter Linss, member of the Board of Management of the Bayerische Landesbank Girozentrale, Munich, has been appointed to the Board of LEOPOLD JOSEPH HOLDINGS.

★

Mr. Howard A. McKinley has been elected president of DUBAI PETROLEUM COMPANY, a wholly-owned subsidiary of Continental Oil Company (CONOCO). Mr. McKinley succeeds Mr. C. K. Shepherd, who has elected for early retirement after almost 40 years with CONOCO. He has been president of DPC since 1970. Mr. McKinley assumes his new post from June 1, transferring from Houston, Texas, where he has served as vice-president of CONOCO for new business development since 1970.

★

Mr. N. Hartley has been appointed managing director of STRONGWORK DIVING (INTERNATIONAL). He succeeds Mr. M. F. Williams, who has ceased to be a director of Emerald Offshore *Services (EOS) and Strongwork.* Mr. Hartley, an engineer on secondment from BP, was previ-*ously divisional manager* in BP's international marketing department. He has also been appointed *a director of Emerald Offshore* Services and of Strongwork Diving (International). Mr. M. L. Holland, *also of BP, has joined the Strong-*work Board.

★

Mr. Michael Young, *a director* of DELTAKOS (U.K.), J. Walter Thompson's pharmaceutical subsidiary, will become *managing* director from June 1. Dr. Philip Brown is, at his own request, being released from day-to-day management responsibilities. While remaining on the Board of Deltakos, he will in future concentrate on long-term development.

★

Mr. R. H. Beazer, *a non-execu-*tive vice-chairman, has resigned from the Board of C. H BEAZER (HOLDINGS) for personal reasons.

★

Mr. Kraig Klosson has been appointed chief executive for North America of LONDON AND CONTINENTAL BANKERS. Mr. Klosson has for the past three years been a vice-president in the international banking group of the Chemical Bank in New York.

★

KING-WILKINSON INC. has ratified the appointment of Mr. A. V. I. Molleson as senior consultant. Mr. Molleson was one of the founders in 1965 of the Dutch affiliate, King-Wilkinson (Internationaal) B.V.

★

Mr. D. C. L. Chidell retires from the Board of AUSTIN REED GROUP from May 28.

★

Mr. Richard Nicholls has been *made managing director of* INGIMEX. His appointment follows the death in December of the company's founder Mr. C. M. Gallen.

★

Mr. Alex Laker, general managing director of the GKN Fasteners *subsidiary group has been elected* president of BIRMINGHAM CHAMBER OF COMMERCE. He succeeds Dr. David Atterton, managing director of Foseco Minsep.

★

Mr. J. E. Reeve, establishment director of the development engineering department of the steel tube division of Tube Investments and director of STD Services, has been elected national vice-president of the INSTITUTION OF PRODUCTION ENGINEERS from July 1.

★

Mr. Conrad Sandler, managing director of Warshaw (Building Materials), has been elected *chairman* of the GUILD OF ARCHITECTURAL IRONMONGERS.

★

Mr. J. D. Greig has been appointed director of the Population Bureau of the Ministry of Overseas Development. Mr. Greig served in the Colonial Service in Nigeria and Mauritius from 1949-1967. After a year spent on a feasibility study into the possibility of establishing a free port in Malta, he joined the International Planned Parenthood Federation where he was primarily concerned with programmes in Africa.

★

Mr. M. D. Francis has been appointed joint managing director of THOMAS A. ASHTON. He was previously with Link 51, where he was national sales manager of the pallet racking *division.* Mr. M. P. Sutton, who becomes financial advisor, is financial director of William Oxley and Co. Mr. Sutton will have special responsibilities within the Thomas A. Ashton Group for corporate planning.

★

Mr. Bryan Hunt, chairman of Hooper and Ashby, has been re-elected president of the NATIONAL FEDERATION OF BUILDERS' AND PLUMBERS' MERCHANTS. Other senior officers are: Mr. Cyril Brown, senior vice-president; Mr. Ian Robey, junior vice-president; and Mr. Jack Mathers, hon. treasurer.

★

Mr. Arthur Brown has been appointed to the Board of BRONX ENGINEERING.

★

Mr. B. E. Rudd and Mr. G. A. Swain have been appointed managing directors of *SPHERE* DRAKE (UNDERWRITING), part of the Alexander Howden Group.

★

Mr. J. A. Sibley and Mr. A. A. Luscombe, both executives of Thorn Electrical Industries, have been appointed to the Board of STANWOOD RADIO. Mr. J. Spindlow, who has resigned from the Stanwood Radio Board, joined the company on March 15, with the prime object of assisting in negotiations which resulted in the offer from Thorn.

★

Mr. Henry Brook has been elected president of the BRITISH SCRAP FEDERATION.

Changes at Imperial Group

Mr. W. G. McPhie, financial director since 1968, *will retire* from the Board of IMPERIAL GROUP at the close of the next annual meeting on March 22. Mr. J. McKinnon will join the Group Board as finance director from that date and will also succeed Mr. McPhie as a member of the Group policy committee. Mr. McKinnon joined Imperial as an assistant accountant in April, 1967. He was appointed deputy chief accountant in September 1967, and chief accountant in 1968.

★

Mr. Leonard Sainer of Titmuss, Sainer and Webb, solicitors, has *been co-opted to the Board of the* BANK LEUMI (U.K.). Mr Sainer, a director of a number of companies, is chairman of United Real Property Trust and deputy chairman of Sears Holdings, Lewis's, and Selfridges.

★

Mr. Ian Perey has been *appointed deputy managing direc-*tor of TEESLAND INVESTMENT COMPANY. Other appointments *are Mr. K. McCabe, commercial* director of Teesland, Scotland Mr. R. G. Guy-Johnson, manage-*ment director,* and Mr. P. J. Brown, project director of Teesland Development Company. Mr. Brian Field has resigned from the Board of all subsidiary companies within the Teesland Group but remains as a non-executive director of the parent concern.

★

Mr. Simon P. E. Tilley has been appointed a director of DAVID CHARLES HOMES with special responsibility for the marketing of the company's residential developments, while retaining the position of group marketing controller.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
—	F.P.	—	£22¾	£21½	Berry Pacific Fd.U$81	£22¾	−⅛	46c	—	8.3	—
[illegible]	F.P.	—	$10,500	$9,500	Bmaltrew S.A.	$9,500	...	—	—	—	—
—	F.P.	—	10	6	Dares Estates 20p	9	−½	—	—	—	—
—	F.P.	—	£24⅜	£23	Emhart Corp. U$81	£24⅛	...	$1.20	—	4.9	—
—	F.P.	—	£17½	£14½	IC Inds.	£15⅛	...	$1.86	—	4.6	—

† After suspension.

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price	+ or −
99	£10	—	9⅛	9¼	Birmingham City 11¾% Red. Stock 1985	9¾	−⅛
115p	F.P.	18/5	126	124	Bowring C.T. 10% Conv. 1981	121	−½
£99¾	F.P.	4/6	100	99½	Chester Water 8% Red. Pref. 1981	99½	...
[illegible]	F.P.	11/6	100¼	99½	East Worcs. Water 8% Red. Pref. 1981	99	...
$100	F.P.	—	99¼	98½	IAC 9¼% Notes 1981	$98½	...
$100	Nil	—	$99¼	$99¼	Lloyds Eurofinance Guar. Fl'ting N't's 1983	$99¼	...
[illegible]	£10	—	11¼	10½	Newcastle & Gateshead 8% Red. Pref. 1981	10½	−½
$100	Nil	—	101	101	Royal Bank of Scotland Floating Rate 1983	$101	...
$100	F.P.	—	100½	99¾	Sandvik 9¼% Bonds 1986	$99¾	...
100	£50	8/7	64	60	Scot. Met. 9% Conv. 82/87	67	...
£99	F.P.	14/5	99⅛	99¼	Sutton Dist. Water 8% Pref. 1981	99½	...

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date		1976 High	1976 Low	Stock	Closing Price p	+ or −
[illegible]	Nil	4/6	17/6	124	115	Aust. & N.Z. Bank	115pm	...
[illegible]	F.P.	30/4	28/5	124	105	BICC	119	+1
[illegible]	Nil	28/5	25/6	48	33	Bank of Ireland	43pm	+5
[illegible]	Nil	—	—	14	15	Bank of Montreal	14pm	−½
[illegible]	Nil	1/6	9/7	35	26	Boddingtons	35pm	...
[illegible]	Nil	28/5	11/6	4½	3¼	Boulton Wm.	3½pm	...
[illegible]	F.P.	18/5	15/6	85	73	Bowring C.T.	77	...
[illegible]	F.P.	19/5	9/6	95	77	Brent Chemicals	91	−1
[illegible]	F.P.	19/5	9/6	70	65	Elliott (B.)	67	+1
[illegible]	F.P.	7/5	18/6	50	44	Eva Inds.	45½	...
[illegible]	F.P.	17/5	11/6	76	69	Garnar Scotblair	69	...
[illegible]	F.P.	21/5	18/6	111½	104½	Glynwed	107	+½
[illegible]	F.P.	14/5	11/6	151	151	Greene King	151	...
[illegible]	Nil	27/5	2/7	124	95	Heath (C.E.)	115pm	−1
[illegible]	Nil	10/6	2/7	49	40	I.C.I.	40pm	...
[illegible]	Nil	—	—	18	16	Jamesy Products	17pm	...
[illegible]	F.P.	5/5	20/7	71½	64	Lloyd F.H.	68	−½
[illegible]	Nil	28/5	9/7	26	20½	Lucas Inds.	19½pm	−1
[illegible]	F.P.	5/5	9/6	116	103	Lyons (J.)	104	+1
[illegible]	Nil	—	—	3½	1½	Mallinson (Wm.) & Denny Mott	2½pm	+½
[illegible]	Nil	—	—	29	28	Portals	29pm	...
[illegible]	Nil	10/6	23/7	11½	10½	Ransome, Hoffman, Pollard	10pm	...
[illegible]	Nil	22/4	3/6	61½	49½	Rolls-Royce Motors	58½	−½
[illegible]	F.P.	4/5	1/6	150	142	Rotork	142	−1
[illegible]	F.P.	21/5	25/6	492	446	Selection Trust	470	+5
[illegible]	F.P.	7/5	28/5	15	12½	Southern Construction	12	...
[illegible]	F.P.	15/4	28/5	64½	47	Staflex Int.	49½	...
[illegible]	F.P.	24/2	25/5	114	82½	Stenhouse Hldgs.	109	...
[illegible]	F.P.	5/5	26/5	290	277	Taylor Woodrow	288	...
[illegible]	Nil	—	—	11	1	Tricentrol	1pm	−1
[illegible]	F.P.	23/4	8/6	97½	89	Trust Houses Forte	92	...
[illegible]	F.P.	15/5	11/6	166	140	Turner & Newall	146	+1
20	Nil	18/6	—	64	38	Western Mining	50pm	−2
[illegible]	F.P.	—	—	61	57	Woodside-Burmah	60	...

Renunciation date usually last day for dealing free of stamp duty. *a* Placing p to public. *b* Figures based on prospectus estimate. *d* Dividend rate paid or ible on part capital, cover based on dividend on full capital. p** Pence ss otherwise indicated. *a* Forecast dividend cover based on previous year's ings. *h* Figures based on prospectus or other official estimate for 1976. gures assumed. ‡ Cover allows for conversion of shares not now ranking dividends or ranking *only for restricted dividends.* ** Issued by tender. ffered to holders of Ordinary shares as a "rights." ♥ 290 S.Afr. cents. † Rights say of capitalisation. †† Tender allotment price. ◆ Reintroduced. ‡‡ Issued in ection with reorganisation, merger or take-over. ♣ Introduction. ◆ Issued to er Preference holders. ‡ Allotment letters (or fully-paid). * *Provisional or* y-paid allotment letters. ≠ With warrants. ✤ After suspension.

Mannesmann waits for recovery to show through

BY GUY HAWTIN

FRANKFURT, May 25.

MANNESMANN has emerged from last year's recession with its turnover up and a hefty rise in profits. The current year should also show a reasonable outcome—though by no means as good as in 1975—and with due prudence, shareholders are being offered a bonus instead of a straight increase in dividend.

The major tube, mechanical engineering and plant construction concern is recommending a dividend of 14 per cent., plus a 2 per cent. bonus. This follows an increase in group world net profits from 1974's DM353.6m. (£76.9m.) to DM599.3m. (£130.3m.). Domestic net profits went up from DM257.4m. to DM427.1m.

Dr Egon Overbeck, chairman of the Mannesmann executive Board, said that this year would also be a good one—on the whole.

The group's external turnover at the end of the *first three* months of the current year lay a full 24 per cent. below that of the first quarter of 1975. But although demand has dropped heavily both at home and abroad, Dr. Overbeck pointed out that in the first quarter of 1975 turnover had shown an enormous 29 per cent. advance. This year, the general economic upswing noticed at the end of 1975 by a large proportion of West German industries has taken its time to work its way through to the capital goods sector.

Mannesmann's first quarter external turnover totalled only DM2.48bn. (£538.9m.) compared with DM3.26bn. (£708.9m.) in the same period of 1975. Turnover by the domestic operations fell 26 per cent. to DM2.08bn. while exports were off 30 per cent. at DM1.05bn.

While the group is expecting trade to improve considerably, Mannesmann is unlikely to see an end to short-time working. Some 4,000 of the group's 108,551 employees are still on short time. Orders have started to improve but as yet the group is unable to estimate the strength and stamina of the up-turn.

Dr. Overbeck said that a *considerable improvement* in business was expected in the second half of the year and that turnover for 1976 should not be much more than 5 per cent. down on the previous year. This means group turnover should total about DM12.46bn. (£2.71bn.) compared with 1975's DM13.1bn. (£2.85bn.).

Despite the heavy fall in turnover, earnings during the first quarter of the current year were only "somewhat weaker" than in the previous year, but were nonetheless satisfactory, said Dr. Overbeck. Last year had, after all, been an extraordinarily good year for earnings despite the difficult economic conditions. He would make no predictions about 1976 profits.

Capital investment in 1975 totalled DM691m. and was forecast at DM700m. for 1976. Over the next five years Mannesmann was expected to invest between DM450m. and DM480m. annually at home and DM50m. and DM100m. abroad.

Reviewing 1975, Dr. Overbeck said that the group had changed its consolidation basis. Total external turnover figures, therefore, were not comparable with the previous year. However turnover in the smelter and tube works sector rose by 4 per cent. to DM3.86bn., in the mechanical engineering and plant construction sector by 3 per cent. to DM3.56bn., in trading and shipping by 7 per cent. to DM5.62bn., and research and services by 11 per cent. to DM50m.

St. Gobain raises Rhône Poulenc stake

BY RUPERT CORNWELL

PARIS, May 25.

SAINT - GOBAIN - Pont - à - Mousson, the French packaging to engineering group, has acquired a further 4.4 per cent. of the capital of Rhône-Poulenc SA, holding company for the chemical concern of that name—making it easily the largest *single shareholder with a total* stake of just over 10 per cent.

The development was disclosed in a statement by the Board that will go before shareholders at next month's Saint Gobain annual meeting. The group thus overtakes the chemicals to metals group, Pechiney Ugine Kuhlmann, which holds 8.01 per cent. of Rhône-Poulenc.

The new shares belong to the portfolio of the financial company Societe Participation et Finance, a subsidiary of the Suez banking and investment group. SPF has just been acquired by Saint Gobain.

The new shares join the 5.72 per cent. of Rhône-Poulenc which Saint-Gobain *received in return* for the sale of its interests in the former Pechiney-Saint-Gobain, a chemical concern absorbed by Rhône-Poulenc in the re-organisation of the sector a few years ago.

Saint-Gobain has emphasised that the latest move is simply a natural indication of its close industrial connections with the chemical business; it has no intention of building it up further. Nonetheless, the severe recent troubles at Rhône-Poulenc have ensured that the transaction has been noted with more than passing interest by the financial *community here.*

It is still believed however that the members of the family of M. Renaud Gillet, Rhône-Poulenc's current president, hold directly or indirectly some 10 to 15 per cent. of Rhône-Poulenc SA issued stock.

● Compagnie Financiere de Suez has announced net attributable profits for the group in 1975 of Frs.292m. The comparable 1974 outcome was Frs.234m. Net profits per share are quoted at Frs.36 (Frs.30). Net operating profits for the group were down on the previous year at Frs.311m. (Frs.425m.), but net portfolio losses were severely reduced from Frs.191m. to Frs.19m. Net *asset value per share* is calculated by the company at Frs.665, an increase of 2.5 per cent. on the comparable 1974 figure of Frs.648. The company added that both the figure for net profits and the estimation of asset value have been adjusted for the increase in capital in 1975.

Sidchar lifts stake in Ruhrkohle

By Rupert Cornwell

PARIS, May 25.

FRANCE'S major steel companies—in the shape of their jointly - owned subsidiary Sidchar — have significantly lifted their stake in West Germany's leading coal producer Ruhrkohle AG, to 13 per cent. from just under 5 per cent.

The deal, which requires approval by the authorities in Bonn, implies a corresponding drop in the holding of the West German government to around 38 per cent. from the previous 46 per cent. It is also an important sign of the growing needs of the French industry to import coal for its own production requirements.

With the steady rundown in output from the old and traditional French coal fields in the North, the country's steel producers have been obliged to look much further afield for supplies, to Poland, and more recently to the U.S.

Firestone ahead

FIRESTONE TIRE and Rubber Company said that the current strike of rubber workers has so far had *little* effect on sales and earnings since it started only ten days before the April 30 close of the fiscal second quarter.

Second quarter net was 67 cents per share, up from 40 cents last year, which brought the first half to $1.02 (71 cents).

The company said in its interim statement that tyres, diversified products, chemicals and raw materials all moved up from the low levels of last year.

Firestone said earnings have resumed a more normal trend but still are below the growth pattern needed for continuing job expansion.

Brokers talk

PAINE WEBBER, Jackson and Curtis chairman James W. Davant said in answer to an inquiry that the company has had very preliminary merger discussions with two or three firms, including Oppenheimer and Company in which the Electra House group has a 10 per cent. stake.

However, Davant said discussions were on an exploratory level and with Oppenheimer centred around combining the two firms, "back offices" (the name given to a brokerage organisation's accounting and book-keeping departments).

Reuter

Clearance for foreign company listing requirements in U.S.

BY JAY PALMER

NEW YORK, May 25

THE U.S. Securities and Exchange Commission has formally cleared a set of New York Stock Exchange proposals and standards, designed to encourage and persuade large foreign companies to list their securities on the NYSE.

The new programme, first proposed last March by NYSE directors, creates a set of separate international listing requirements for non-U.S. companies. Until now, foreign companies have been subject to the same criteria as domestic corporations.

A spokesman for the NYSE to-day acknowledged that these were different standards but emphasised that the rules had not been "relaxed." At the same time, he noted that the Exchange had not made any changes in its disclosure requirements.

Up to now, any company wanting a listing on the NYSE has had to have, as a minimum requirement, at least one million publicly held shares in the U.S. with an aggregate market value of $16m., plus net tangible assets of $16m. and pre-tax income of not less than $2.5m. in its last full year. The candidate has also had to have at least 2,000 shareholders each owning at least 100 shares.

The new standards allow foreign companies to get a listing if it has, on a world-wide basis, 5,000 shareholders of over 100 shares each. It must also have 2½m. publicly held shares valued at no less than $100m., net tangible assets of $100m., plus cumulative pre-tax income of $100m. over its three most recent years.

NYSE authorities noted that under the old rules, over 30 foreign companies had already achieved NYSE listing. Canadian companies accounted for 18 of the total followed by six British concerns (including BP, EMI, Plessey and Unilever), four Dutch and some South African, Japanese and Panamanian companies.

The Exchange to-day said that even before the SEC had approved these rules, it had received inquiries. It described the existing interest as "active" and added that most preliminary feelers had come from investment bankers rather than from companies directly.

Healthy sales trend at Schering

BY GUY HAWTIN

FRANKFURT, May 25.

SCHERING, the West Berlin-based pharmaceuticals and chemicals concern, is expecting an improvement in earnings this year. Profits, which have virtually stagnated since 1973, showed only a slight increase in 1975.

Herr Karl Otto Mittelsten-scheid, a member of the concern's Executive Board, disclosed to-day that turnover in the first four months of the year had risen by 8.1 per cent. The improvement, led by increased home demand, gave hopes for *a rise in profits providing current* trends were maintained and the rate of cost increases flattened.

Growth in the first four months is still somewhat slower than the 9.5 per cent. in the comparable months of 1974, but it appears more healthily based. It is certainly a good deal better for earnings that the export-led turnover growth rate of 6.1 per cent. in the first four months of 1975, when prices remained unchanged despite hefty increases in costs.

According to Herr Mittelsten-scheid, the main uncertainty over the current year's profits lies in the export sphere. Schering, echoing its giant competitor BASF, is deeply concerned about the damage currency fluctuations could deal its overseas business.

In 1975, the group's turnover rose by 4.3 per cent. to DM1.79bn. (£389.1m.) and that of the parent concern went up by 4.9 per cent. to DM1.11bn. (£241.3m.) Exports rose by 9.7 per cent., while domestic sales fell by 2.1 per cent., pushing exports as a proportion of turnover up from the previous year's 59.5 per cent. to 62.2 per cent.

Net profits totalled DM55.8m. compared with 1974's DM53.6m. It was pointed out, however, that 1974's profits had been hit by extraordinary expenditure of DM47.5m. and but for this would have been far higher.

Bekaert profits should rise in the first half of 1976

ZWEVEGOMN, May 25

NET PROFITS of Bekaert group will be markedly up in the first half year of 1976 from a year ago when the wire making group reported consolidated net profits of B.Frs.172m. according to management officials.

At the company's annual meeting, an official projection for parent or group earnings was not made. Group profits declined 75 per cent. to B.Frs.213m. in 1975 and parent net income was down to B.Frs.285m. from B.Frs.637m. in 1974.

But Bekaert's net profits in the first quarter apparently were slightly higher than a year ago and second quarter earnings would be "considerably higher."

Sources close to the company said Bekaert would certainly be able to maintain its 1975 dividend of B.Frs.105 net per share, unchanged from 1974.

Bekaert reported a 13 per cent. sales decline for the group in 1975 to B.Frs.19.28bn. from B.Frs.22.25bn. in 1974 contrasting with a 38 per cent. sales increase in 1974 from 1973.

Shareholders were told that 1975 was one of the company's most difficult years because worldwide recession affected almost all sectors where Bekaert operates.

But a company spokesman said, last year Bekaert demonstrated its fundamental strength, managing to end the year with a result which is "altogether not too unsatisfactory."

AP/DJ

Record year for Austrian Airlines

BY PAUL LENDVAI

VIENNA May 25.

AUSTRIAN AIRLINES (AUA) reports that 1975 was the best-ever year on record since the company began operations in 1958. The Board announced to-day that AUA for the first time, was paying a 4 per cent. dividend for the past year.

Despite repercussions from the general economic slowdown last year the company managed to offset setbacks in the business trip sector through promotion of tourism. Improvement of service and rationalisation in all fields contributed to AUA's success in 1975.

Income from flight operations was up by 19.7 per cent. to Sch. 1.7bn. (£51.8m.), while total revenue rose by 18.3 per cent. to Sch.2.04bn operating revenues from Sch.180m. to Sch.342m. and net profit, after allocation to reserves and taxes was Sch.22.1m. (Sch.20.9m.).

Passenger traffic last year rose by 14 per cent. to 1.17m. Despite the purchase of two more new DC-9 aircraft the average load factor rose by 1.3 per cent. to 46.6 per cent. Freight traffic, however, was down by 5 per cent. AUA reports the most rapid increase in the charter flight sector with the number of passengers compared to 1974, jumping by 44 per cent. to 205,000.

Preliminary figures for the first quarter of this year indicate a continuation of the favourable trends. Thus passenger traffic was up by 15 per cent., charter flights by 43 per cent. and freight also began to pick up, showing a growth date of 20 per cent. on the same period last year.

Olivetti's heavy borrowings

BY ANTHONY ROBINSON

ROME, May 25.

UNDERCAPITALISATION, the consequent high and rising level of short- and long-term debt, plus the effects of inflation and recession pushed Olivetti SPA, parent company of the Olivetti group, back into the red. For 1975, as known, the company reported a loss of Lire8.6bn. (£5.4m.) on turnover up 10 per cent. to Lire 379bn. after depreciation of Lire 22.5bn. In 1974 the company made a net profit of Lire 4.2bn. after depreciation of Lire 15.5bn.

The balance sheet shows how Olivetti has become a classic victim of the weakness of the Italian capital market structure which makes it virtually impossible to raise fresh capital through the Bourse, particularly at a time of depressed share values. Olivetti share capital of Lire60bn., of which Lire36bn. is in ordinary and Lire24bn. in preference shares, is inadequate in view of the high technology and high investment structure of the company. The inability to raise fresh capital through the Bourse has led to a continual increase in short- and long-term debts. Last year borrowing rose by just over Lire101bn. to Lire280bn., which in the presence of higher interest charges which rose from 1974's average of 10.9 per cent. to 12.2 per cent., led to an increase in interest charges from Lire22.8bn. to 31.4bn.

The overall group position is similar to that of the parent company in that turnover last year rose 7.6 per cent. from Lire796bn. to 856bn., while indebtedness rose from 446bn. to 582bn., or 68 per cent. of turnover compared to 56 per cent. in 1974. At this level of indebtedness the Olivetti's group's financial charges last year totalled Lire 71.4bn., compared with Lire62bn. in 1974. This represents 8.3 per cent. of total group turnover.

Swedish retail merger to go through

BY JOHN WALKER

STOCKHOLM, May 25.

THE CONFLICT over the merger between two of Sweden's leading retail chains has now been resolved. Ahlen och Holm has now obtained the support of 88 per cent. of the NK shareholders and expects to obtain the balance of two per cent. This will make it possible for an out*right* merger, according to Swedish law, to be obtained in the immediate future, according to a communique issued by Ahlen och Holm.

The merger will make the two concerns into the largest store group in Sweden with about 10 per cent. of the retail market, and employing about 22,000 people. The deal has been a protracted one and the first offer by Ahlens, amounting to Kr.145m. (£18m.), was increased in April by Kr.2 per share. This, it was expected, would bring the assenting total up to the conditional 90 per cent. of the stock. The opposition to the merger came mainly from some NK employees and minority share*holders.*

Ahlen's announced improved sales during the company's first four months of trading (November-February) and forecast that pre-tax earnings for the 1975-76 financial year would exceed the Kr.35.8m. recorded in 1974-75. NK showed a loss of Kr.24m. in its last financial year.

● The expansion of deposits in the Swedish Co-operative Banks continued last year according to the federation's report for 1975, increasing by 18.2 per cent. to a total of Kr.10.4bn. (£1.3bn.). The increase in advances went up faster than ever, improving by 19.7 per cent. to Kr.8.5bn. (£1.06bn.). Last year's growing money supply led to a higher rate of deposits and advances. The commercial banks increased their deposits by 9.9 per cent. compared with 7.7 per cent. in 1974. The corresponding figures for the savings banks were 11.1 and 10 per cent. writes John Walker.

The movement's profits in 1975 were greater than in 1974. Net income from interest rose from Kr.197.6m to Kr.246.1m., an increase of 24.5 per cent. Costs increased a little faster than income, that is by 27.9 per cent. Operating profits grew by 18.9 per cent. or Kr.10.9m. to a total of Kr.69.2m

The organisation of the co-operative bank movement works on three levels, with the local co-operative banks forming the base. Each co-operative bank serves its own geographical area and 440 local banks cover the entire country with more than 750 branch offices. On the middle level the local banks combine to form 12 regional co-operative banks. All regional banks are members of the central organisation—the federation of Swedish co-operative banks, whose function is to supervise and co-ordinate the operations of the local and regional banks.

Kaiser buy challenged

THE FEDERAL Trade Commission (FTC) has issued a complaint alleging that the acquisition by Kaiser Aluminium and Chemical of the Lavino division of International Minerals and Chemicals may have created a monopoly in the refractories market.

The FTC complaint noted that Kaiser was the second biggest producer of basic refractories in 1973 while Lavino ranked third. The acquisition made Kaiser the first ranking company in the field.

Basic refractories are non-metallic insulating materials used mainly in processing ferrous metals.

Kaiser has 30 days to respond to the complaint. The FTC proposed that Kaiser divest itself of Lavino and also wanted to impose a ten-year ban on further acquisitions by Kaiser in the same market.

Reuter

Improvement at ACEC

BRUSSELS, May 25.

GROSS OPERATING profit of Ateliers de Constructions Electriques de Charleroi (ACEC), rose to B.Frs.302m. in 1975 from 88m. in 1974 the Belgian affiliate of Westinghouse Electric Corporation of the U.S. reported.

But the net result for 1975 showed a loss of B.Frs.44m., down from losses of 81m. in 1974 and 351m. in 1973.

The company said it is certain its 1976 results will improve further and that its confidence in the future uptrend is well founded.

Westinghouse announced on May 12 that it is actively negotiating with a consortium representing private business, and the Belgian Government, on the possible sale of its majority interest in ACEC.

Westinghouse acquired a 67.5 per cent. interest in ACEC in 1970. Unconfirmed reports in Belgian business circles claim that Westinghouse is seeking to reduce its ACEC interest to 30 per cent.

AP-DJ

Investment plans at DSM

BY MICHAEL VAN OS

AMSTERDAM, May 25.

DSM, the Dutch State-owned chemicals group, saw its 1975 net profits slump by nearly 75 per cent. to Fls.144m. Consolidated sales were up 9 per cent. to Fls.7.62bn. in value, but due to the economic recession there was no rise in volume.

The annual report notes a slight improvement in demand towards the end of the year and *a certain stabilisation of prices.*

At a Press briefing in Heerlen, DSM chairman Dr. W. A. J. Bogers was confident that the "gross surplus" (sales less costs, interest and depreciation), which declined sharply from Fls.1.39bn. to Fls.611.5m. in 1975, would recover again. But this would be more pronounced in 1977. Although the lower cash flow had necessitated an adjustment of long-term investment plans, the company still intends to spend well over Fls.6bn. in the next five years against the Fls.7.5bn. earlier announced. Heavy interest charges, in this connection, will put a brake on profitability.

The DSM chairman said that spending will be directed at the *consolidation of the positions* acquired in well-established sectors—fertilisers, yarn and fibre feedstocks—further development in plastics towards an international level, and the extension of the industrial chemicals sector.

Dr. Bogers also went into the company's reasoning for investing in the present economic climate, apparently against the tide. In the first place, the effects of inflation should be considered —building earlier instead of later will save money. The monetary aspect involved in investing in Holland was another point—due partly to the availability of natural gas, the Dutch guilder holds a strong position compared with other currencies. Since most of the company's chemical engineering materials have to be imported, this tended to make chemical investment relatively cheap in Holland. "We think this position might change within a couple of years," Dr. Bogers added.

In 1975 sales growth was achieved only in the energy division. Dr. Bogers said that neither the high profit figures of 1974 (Fls.518m.), nor those *of* the 1975 slump, truly reflect the *company's position. Last year* DSM felt the full impact of the marketing problems which affected the textiles, motor-car and building industries.

Higher OGEM profits

OGEM expects 1976 earnings to improve on 1975's Fls.15.2m. (Fls.30.1m. in 1974).

The company's current activities are developing as scheduled, the board told the annual meeting.

After the takeover of Verenigde Bedrijven Nederhorsts building division OGEM will be cautious with further acquisitions, unless a strong industrial company turns up as a takeover possibility.

The new building group OGEM and the Dutch state will form by combining OGEM's building activities with those of Nederhorst should in the next few years achieve good profitability in Holland, where it will make a major part of its sales, the board said.

The plan to set up the company to manage OGEM's and Nederhorst's building activities was announced earlier this month and basically pro*vides for a firm with a total* capital of Fls.200m. to be supplied by OGEM and the state.

Portfolio sales by new Hutchison team

BY PHILIP BOWRING

HONG KONG, May 25.

THE NEW MANAGEMENT at Hutchison International has sold off the group's substantial portfolio holdings in quoted securities, according to the report for the period to end-December issued to-day. The sales have been made since late February with a view to redeploying the group's resources and concentrating management time in other activities.

The lengthy report shows that though the net attributable loss was only $HK31.2m., of which $HK37m. was accounted for by unrealised losses from write-downs in the value of long term investments and property, the company remains very heavily reliant on short term borrowings.

At the year-end, short term group bank and other loans and overdrafts totalled $HK482m.—almost all secured—while parent company loans were $HK257m. In addition, long term borrowings of the group were $HK341m., of which the parent company accounted for $HK116m. Total capital employed was $HK1.38bn. of which shareholders' funds, after the $HK150m. boost last year from the Hongkong and Shanghai Bank, were $HK999m. However, the borrowings showed substantial decreases from March last year. They will presumably have been further reduced since by application of the investment sale proceeds.

Market value of quoted dealing investments at the end of December was $HK230m. Their value was written up by $HK36m. Disposals since year end have been made at a profit over book value.

The report gives no specific reasons for write-downs, taken in into profit and loss account, of the value of property investments — nor of the reason to write down the textile group, Hilwin, to market value. This company has ceased to *be an* associate and is now regarded as a long-term investment. The report states that this was "prudently made in accordance with sound accounting policies." It is unlikely to damage the profit and loss account again.

An extra-ordinary meeting is to be held to allow the Board to offer former chairman Sir Douglas Clague, ousted from executive *power last year, the position of* honorary life president.

Depression hits Enso-Gutzeit results

BY LANCE KEYWORTH

HELSINKI, May 25.

ENSO-GUTZEIT Osakeyhtio, the second largest manufacturing company in Finland in terms of turnover, reports an unsatisfactory result for fiscal 1975. Net consolidated sales fell 9.9 per cent. from Fmks.2.29bn. in 1974 to Fmks.2.06bn. (£264.9m. at the December 1965 exchange rate) last year.

This is hardly surprising in view of the worldwide depression in the forest industry (pulp, paper, paperboard and wood products) which accounts for about four-fifths of Enso's sales.

Production cuts and shutdowns in the paper division reduced production in 1975 by 26 per cent. to a little over 1m. tons. But the sales of the packaging division, for which the Soviet Union is the biggest export market, rose nearly a quarter to Fmks.298.6m.

There were 30 ships, 18 of them in Enso's own fleet, sailing under the flag of Oy Finnlines at the end of 1975. An important step during the year was the establishment by Finnlines jointly with Finland Steamship Company of Oy Finncarriers AB for freight traffic between Finland and the continent from January 1, 1976.

In a rescue operation in August, 1975, Enso bought the entire share stock of the wood-working company Oy Heinolan Faneritehdas AB. Enso sold its 18.4 per cent. share in Ateval SA, a company making corrugated board in Spain.

Enso's share capital was raised from Fmks.239m. to Fmks.384m. *during the year.* Net earnings came to Fmks.20.9m. The company declared a dividend of 9 per cent. on the old and 4.5 per cent. on the new shares.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Aquitaine 10pc 1985	102½	103½
Ashland 8pc 1987	93½	94½
Austraswiss 8pc 1987	92	93
BFCE 8¾pc 1983	95½	93½
CNE 9½pc 1985	95½	96½
Conoco 8pc 1986	95	99
ECS 9¼pc 1986	99½	100½
EIB 9½pc 1985	101	103
ERAP 9¼pc 1985	101	102
Esso 8pc 1986 Nov.	99	100
Eurofima 8¾pc 1983	98	99
Granges 9¼pc 1985	100½	101½
Massey 9¾pc 1982	101½	102½
Michelin 9¼pc 1986	98½	99½
MODO 9½pc 1983	98½	99½
Nwfdld. Labrador 9¾pc 1986	102	103
New Zealand 9¾pc 1983	*101½*	*102½*
Norpipe 9¼pc 1986	98	99
Norsk Hydro 9¾pc 1986	99½	100½
Oslo 9pc 1988	98½	99½
Pacific Light 8pc 1988	93½	94½
Prov. Quebec 9pc 1984	99½	100½
Scanraff 8¾pc 1958	99½	100½
SFE 9pc 1983	99½	100½
Shell 8pc 1986	98½	99½
Stand. Oil (Ind.) 8¾pc 1988	102	103
Svenska Handels 9¼pc 1986	99½	100½
Volvo 9¾pc 1985	101	102
NOTES		
Barclays 9¼pc 1982	101	102
British Gas 9pc 1981	99	100
Charb. France 8¾pc 1981	98	99
Denmark Mt. Bk. 9pc 1983	99½	100½
ECS 8¾pc 1981	99½	100½
EEC 8¾pc 1982	96½	97½
Elec. Council 8¾pc 1981	98½	99½
Montreal 9¼pc 1983	101½	102½
Nippon Steel 9¼pc 1980	100½	101½
Norway 8¾pc 1981	99½	100½
Prov. Quebec 8¾pc 1981	99	100
Seagram 9pc 1983	100½	101½
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4¼pc '87	80½	82½
Ashland 5pc 1988	92½	84½
Beatrice Foods 4¼pc 1992	94	96
Beatrice Foods 4¾pc 1992	106	108
Borden 5pc 1992	96	98
Broadway Hale 4¾pc 1987	76	78
Canon Camera 7¾pc 1989	95½	100½
Carnation 4pc 1987	78	80
Chevron 5pc 1988	111½	113½
Dart 4¾pc 1987	77	79
Eastman Kodak 4½pc 1988	109	111
Economic Labs. 4¾pc 1987	77½	79½
Fed. Dept. Stores 4¾pc '85	105	107
Firestone 5pc 1988	87½	89½
Ford 6pc 1986	97	89
Ford 5pc 1988	84½	86½
General Electric 4¼pc 1987	[illegible]	86
Gillette 4¾pc 1987	76	78
Gould 5pc 1987	87½	89½
Gulf and Western 5pc 1988	95	97
Harris 5pc 1992	83½	85½
Honeywell 6pc 1986	82	84
ITT 4½pc 1987	75	77
Komatsu 7½pc 1990	103	106½
J. Ray McDermott 4¾pc '87	139½	141½
Mitsubishi Elec. 7¼pc 1991	104	105½
Mitsui 7¼pc 1990	101½	103
J. P. Morgan 4¾pc 1987	110	112
Nabisco 5¾pc 1988	91	93
Owens Illinois 4¾pc 1987	104	106
J. C. Penney 4¼pc 1987	76	78
Pioneer 6¼pc 1989	258	265
Revlon 4¾pc 1987	96	98
Reynolds Metals 5pc 1988	85½	87½
Sperry Rand 4¼pc 1987	94½	96½
Squibb 4¾pc 1987	75	77
Texaco 4¾pc 1988	77	78
Toshiba 6¾pc 1990	108	109½
Union Carbide 4¾pc 1982	123	125
Warner Lambert 4¼pc 1987	84½	86½
Warner Lambert 4¼pc 1988	79½	81½
Xerox 5pc 1988	74	76
Source: Kidder, Peabody Securities.		

CINEMAS—(Cont.)

ART GALLERIES

CLUBS

APPOINTMENTS

LEGAL NOTICES

PRODUCTION CAPACITY

COMMODITY back-up staff wanted Charterhouse Appointments 01-836 2377

COMPANY NOTICES

BISHOPSGATE PLATINUM LIMITED AND ITS SUBSIDIARY COMPANY
(Incorporated in the Republic of South Africa)

Dividend Announcement

For their third quarter Impala Platinum Limited has declared a Dividend of 15 cents per share (third quarter 1975—Nil). Your Board has accordingly declared a Dividend amounting to 2 cents per share payable on the 9th July, 1976.

Notice to Shareholders
Declaration of Dividend No. 11

Notice is hereby given that Dividend No. 11 of 2 cents per share being the Final Dividend for the year ending 31st July, 1976, will be paid on the 9th July 1976 to the holders of shares registered in the Books of the Company at the close of business on the 11th June, 1976. The Dividend is declared in the currency of the Republic of South Africa.

Where applicable, non-resident Shareholder's Tax at the rate of 15 per cent will be deducted from Dividends payable to Shareholders whose registered addresses are outside the Republic of South Africa.

The Transfer Books and Register of Members will be closed from the 12th June to the 18th June 1976, both days inclusive.

Vaughan, Key and Payne
Secretaries,
Per: R. G. E. Billing
Transfer Secretaries,
Union Corporation Limited,
74 78 Marshall Street,
Johannesburg.
M & WM Services,
Granby House,
95 Southwark Street,
London SE1 0JA.

Registered Office:
10th Floor Unitas
42 Marshall Street,
Johannesburg
26th May 1976

BANK OF SCOTLAND LONDON OFFICES

Notice is hereby given that with effect from 25th May 1976 and until further notice the Bank of Scotland Deposit Rate on sums lodged for a minimum period of 7 days will be 6½% per annum.

DE BEERS CONSOLIDATED MINES LIMITED
(Incorporated in the Republic of South Africa)

NOTICE OF DIVIDENDS DECLARED ON PREFERENCE SHARES

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
London Secretaries
D. H. J. PATTISON

Office of the United Kingdom Transfer Secretaries:
Charter Consolidated Limited,
P.O. Box 102,
Charter House, Park Street,
Ashford, Kent, TN24 8EQ.
London Office:
40 Holborn Viaduct,
EC1P 1AJ.
25th May, 1976.

BUSINESS OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

COMMERCIAL VEHICLES

MOTOR CARS

JAGUAR XJS, 1975 (Sept.) red, only 3,500 miles, £9,150. Tel. day 01-775 8986. After 7 p.m. 670 3546

WANTED

URGENTLY REQUIRED low mileage JAGUAR DAIMLER, MERCEDES, BMW SPORTS CARS, VOLVO SALOONS and Estates. Top prices paid. Buyer will call with cash or banker's draft. Tel. Brookwood (04867) 2201

LAND FOR SALE

CONTRACTS AND TENDERS

UNITED ARAB EMIRATES
MINISTRY OF ELECTRICITY AND WATER
P.O. BOX 1672, DUBAI

The invitation to tender for desalination plant, tender No. N4251, published on 17, 18, 19 May described the tender fee as "now refundable". This should have read "not refundable".

The Ministry of Electricity and Water for The United Arab Emirates invite Tenders for the following works:—

Tender No. N4267 Specification No. 53.4/1057

132kV Double Circuit Steel Tower Transmission Lines (approx *180 km route length), incorporating aluminium alloy phase* conductors of 200mm² cross-section and an overrunning aluminium alloy earth wire. The lines are to be located throughout the Northern Emirates of Umm-Al-Quwain, Ajman, Sharjah, Fujeirah and Ras Al Khaimah. Applications for Tender Documents should be made during normal office hours at the Ministry's offices in Abu Dhabi or Dubai in the U.A.E. or at the U.A.E. Embassy in London. Only Firms who have had experience in *engineering similar projects should apply.*

Each tender fee is Dirhams 2,500 if collected in the U.A.E. or £300 Sterling if collected in London payable in cash only and is not refundable. Tender Documents will be available from 31 May 1976 until 15 August 1976. Tenders must be valid for 100 days.

Tenders must be accompanied by a Bid Bond in the form of an unconditional Bank Guarantee of Dh 3,000,000 (3 million) valid for 130 days. The successful Tenderer will be required to replace this with a Performance Bond equal to 10 per cent. of the Total Contract Sum for the period of the Contract. The tender Documents must be complete and submitted in quadruplicate. Each copy shall be enclosed in a plain envelope, *not bearing any identification of the Tenderer and marked only* on the outside with the Tender Number and Title "132kV Transmission Lines".

Four copies shall be addressed to:—

His Excellency The Chairman
The Permanent Committee for Projects
Ministry of Planning
PO Box 2847
ABU DHABI
U.A.E.

Tenders must be received not later than 1700 hours on 29 August 1976. This advertisement is a complementary part of the Tender Document. The lines are to be completed by 30 November 1978.

Abdulla Bin Humaid Al Qassimi,
Minister

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Prices lower again despite late rally

BY OUR WALL STREET CORRESPONDENT

NEW YORK, May 25.

SCATTERED bargain-hunting produced a late rally on Wall Street to-day, but although this lifted the index above yesterday's closing level, it still left most stock prices pointing lower.

Investors were anxious about a tightening of U.S. monetary policy and speculation that primary interest rates will move higher.

The Dow Jones Industrial Average—down nearly six points at 2 p.m.—recovered to close just 0.16 ahead at 971.69, but the NYSE All Common Stock index ended with a 3 cent loss at $52.98.

Declines outnumbered advances 1,009 to 453 in a turnover up 2.21m. shares at 18.77m.

Harnischfeger climbed $2 to $37¼—it is hopeful of a 25-30 per cent. earnings rise for the year ending October 31, 1976.

Hewlett-Packard gained $2¼ to $102¾ on the unveiling of a new computer.

Eastern Air Lines added $¾ to $8¾—it expects to be profitable this year following a $49.7m. loss in 1975.

Twentieth Century-Fox, though slipped $¾ to $9. EMW Associates decided not to proceed with its planned tender offer for 1.2m. shares in the film-maker at $13 each.

Motors generally were steady to fractionally higher after the industry reported a large increase in mid-May sales of new cars.

Aluminum Co. of America surrendered $1 at $53, as did Schering-Plough at $52¾.

Other weak spots included Pillsbury Down, off $1¾ to $34¾, Blue Bell, $2¾ lower at $40, and Corning Glass $1¼ to $70¼.

Prices on the American Stock Exchange declined in light trading. The index has yielded 0.53 to 102.88, while falls topped rises 406 to 198. Turnover was down from 2.30m. shares to 2.18m.

Presley Co. fell $¾ to $9¾, but Houston Oil and Minerals climbed $3 to $63¾.

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Pan Am	221,100	5¾	—
Chrysler	199,500	17¾	−¼
Cont Oil	196,000	34¾	−¾
Texaco	173,100	26¾	—
Gen. Motors	164,600	69¾	+¼
Eastern Air Lines	156,600	8¾	+¾
Publ Sv. Ind.	149,700	27¾	−¾
Exxon	142,700	99¾	−¾
Litton Inds.	140,400	16¾	−¾
Gulf States Tube	137,500	13¾	−¼
Gen Tel Elect.	136,300	24¾	+¾
Marcor Inc.	132,900	35¾	−¾
Fedld Dept. Stores	132,800	[illegible]	+¼
Amer. Home Prods.	130,700	31¾	−¾
Coast States Gas	128,600	9¾	—

OTHER MARKETS

Canada lower

Most of the major Canadian stock market indices firmed lower in early trading and at noon only Golds—up 0.82 at 89.83—stood out against the trend.

Western Oils were worst hit, falling 5.17 to 237.14. Banks lost 3.07 to 230.32, Industrials 2.58 to 192.04, Papers 1.71 to 123.07 and Base Metals 0.82 to 89.83.

Union Oil of Canada lost $C3¾ to $C9¾ on moderate volume—it expected some selling yesterday as last Friday was the final day to enter the record list for its cash distribution of $C3.20 a share in June.

Alcan Aluminium was off $C1¼ to $C23¾ on plans for a common share offering.

PARIS—Easier, following Wall Street's lower trend. Constructions, Stores, and Electricals led most sectors lower, but Banks, other Financials and Oils steadied.

AMSTERDAM—Stocks closed predominantly lower. Among Internationals Akzo fell 0.8 to Fl.42.1, Philips 0.7 to Fl.30.3, Royal Dutch 4.0 to Fl.128.5, and Unilever 3.7 to Fl.121.7.

Scheepvaartunie and Ennia were among isolated firm spots, and major Banks were also resistant.

BRUSSELS—Prices closed lower due to surprise over the extent of Wall Street's overnight fall. Declines included Cockerill, ACEC, Tessinderlo, St. Roch, Cobepa, Vieille Montagne, FN, Cometra and Tabacofina.

Petrofina lost B.Frs.50 to 4,970 and Canadian Petrofina also eased, but American Petrofina firmed slightly.

GERMANY — Broadly lower. After morning weakness, prices seemed to stabilise around midday, but increased selling pressure later depressed prices to the day's lowest at the close.

Trading was moderate and sporadic.

Banks were all down. Commerzbank declined DM2.70 to DM182.50, Deutsche Bank DM4.70 to DM279.30 and Dresdner Bank DM5 to DM209.50.

In weaker Electricals, AEG dropped DM3.30 to DM90.10 and Siemens DM3.70 to DM279.50.

Chemicals all declined. BASF losing DM2.30 to DM155.50, Hoechst DM2.50 to DM148.50 and Bayer DM3.80 to DM131.90.

BMW declined DM3 to DM239.50, VW DM3.50 to DM138 and Daimler DM4.50 to DM328.50. In Machine Makers falls ranged to DM3.50, while in Steels they extended to DM4.20.

The weak tone of the bond market was blamed for much of the retreat. Prices declined as much as 0.60 percentage points in domestic public sector bond issues, despite the purchase by the Deutsche Bundesbank of DM50m. worth of public bonds in support of prices. The central bank bought DM12m. on Monday.

SWITZERLAND—Issues declined for the second consecutive session with gains outnumbered by losses 58 to 12.

The decline was across all sectors, but Bally Bearer recovered to close Sw.Frs.10 up at 1,365.

Swiss Bank Corp. fell Sw.Frs.3 to 415, Elektrowatt Sw.Frs.50 to 1,640, and Brown Boveri Bearer Sw.Frs.30 to 1,655. Hoffmann-La Roche dropped Sw.Frs.1,000 to 98,000.

COPENHAGEN—Firm. Active dealings in Banks, Insurances, Commodities and Shippings. Industrials markedly higher.

OSLO—Industrials steady, but Norsk Hydro lost Kr.5.5 to a new low of Kr.247. Shipping steadier.

VIENNA—Quietly mixed. Constructions and Breweries lower.

MILAN—Narrowly mixed in extremely quiet trading, influenced by the national bank-workers' strike.

TOKYO—Gains by second section issues contrasted with a decline in the first section as the Stock Exchange Index shed 0.93 to 339.46.

First section volume rose to about 210m. shares (170m. on Monday), while 11m. secondary shares changed hands against 5.5m. previously.

Toshiba, which has headed the most-active list for a week, slipped Y1 to Y142.

Matsushita Group shares were among the losers, with Matsushita Tsushin marked down Y40 to Y1,080 and Matsushita Electric trading down Y40 to Y1,950.

HONG KONG — Higher in increased trading, following Monday's sharp decline.

After a weak start, buying sent prices up across the board, many of them closing at their highest for the day.

Hong Kong Bank rose 10 cents to $HK17.50, Hong Kong Land 10 cents to $HK6.60, Hutchison up 7½ cents to $HK2.60, Wheelock "A" 5 cents to $HK2.10, Jardine up 40 cents to $HK19.20, Swire Pacific "A" 35 cents to $HK8.05 and Hong Kong and Kowloon Wharf 50 cents to $HK15.70.

Turnover rose from $HK32.04m. to $HK51.78m.

JOHANNESBURG—Golds eased, reflecting lower bullion advices. Trade was sporadic with volumes generally small. Marginal and speculative issues finished 5-13 cents down, while heavyweights lost 25-75 cents.

De Beers gained 3 cents to R3.60. Coppers and Industrials fell back.

AUSTRALIA — Mining stocks generally fell sharply in thin trading, led by uraniums and nickels.

Pancontinental fell 60 cents to $A9.90, Queensland Mines 3 cents to $A2.30 and Kathleen 4 cents to $A1.88.

Peko Wallsend dropped 30 cents to $A5.46 and Poseidon 6 cents to $A2.50.

Among Industrials, BHP rose 2 cents to $A7.72 and CSR 4 cents to $A4.56.

Among base-metal Mines, Hamersley lost 5 cents to $A2.05 and North Broken Hill a cent to 88 cents. Bougainville, however, gained 2 cents to $A1.47 and Robe River 3 cents to $1.23. Retailers were mostly firmer, with Myers rising 2 cents to $A2.30 and Woolworth 3 cents to $A1.32.

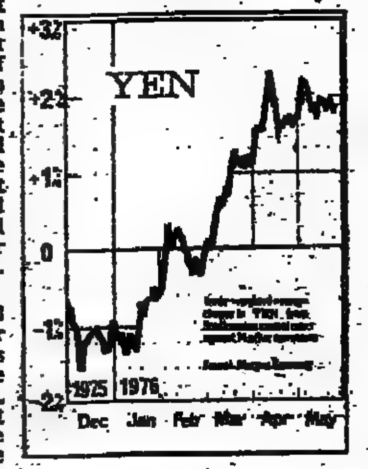
Sterling easier

Sterling fell 85 points against the U.S. dollar in the foreign exchange market yesterday to close at $1.7855-1.7865. The pound opened at $1.7920-1.7930 and remained steady at around $1.7810-1.7820 for most of the day, but lost ground in the late afternoon in very thin trading. The market is generally very quiet ahead of the Ascension Day holiday in Europe on Thursday and the holiday in the U.K. and U.S. next Monday. Sterling's trade-weighted average depreciation since the Washington Currency Agreement of December 1971, as calculated by the Bank of England, narrowed to 38.3 per cent. from 38.6 per cent. and stood at 38.5 per cent. at noon and in early dealings.

The dollar recorded small mixed changes against major European currencies, with its initial advance helped by the latest U.S. Treasury bill auction, where yields rose to their highest levels since last December. The U.S. unit's trade-weighted average depreciation since the Washington Agreement, as calculated by Morgan Guaranty of New York, narrowed to 1.47 per cent. from 1.55 per cent.

The Swiss franc improved at one time to Sw.Frs.2.4675 in terms of the dollar, but closed at Sw.Frs.2.4725, little changed on the day. The Italian lira remained steady and finished unchanged against the dollar at 1,839.

Gold continued to lose ground, close $¾ lower at $124¾-125. The metal remains depressed by uncertainty ahead of the International Monetary Fund's first gold auction, which is to be held on June 2. The krugerrand's premium over its gold content showed little change at 8.51 per cent. in both the domestic and international market.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	May 25	May 24
Sterling	0.639742	0.642391
U.S. dollar	1.14529	1.14474
Belgian franc	45.1638	45.1545
Deutsche mark	2.95264	2.95812
French franc	5.41393	5.41865
Italian lire	960.648	960.380
Japanese yen	343.371	342.850
Dutch guilder	3.13338	3.13830
Swedish krone	5.08208	5.07830
Swiss franc	2.83134	2.84296

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

May 25	Frankfurt	New York	Paris	Brussels	London	A'merdam	Zurich
Frankfu't	—	2.651-662	54.60-60	6.540-546	4.615-632	94.18-22	104.30-38
N. York	38.75-76		21.17-18	2.5540-70	1.7945-55	36.51-53	40.45-47
Paris	183.35-65	4.718-728	—	11.995-011	8.44¾-47¾	172.59-99	191.02-44
Brussels	15.29-32	39.40-45	8.34-38	—	70.60-74	14.40-45	15.94-98
London	4.602-612	1.7855-65	8.43-44	70.40-80	—	4.88¾-89¾	4.41-42
Am'rd'm.	106.115-165	2.732¾-734¾	57.885-955	6.94¾-94¾	4.888-903	—	110.755-805
Zurich	95.75-82	2.4717-732	52.32-57	6.26¼-270	4.4215-60	90.22-31	—

U.S. $ in Montreal. U.S. $=98.04-08 Canadian cents.
Canadian $ in New York. C$=102.01-102.03 U.S. cents. U.S. $ in Milan 838.25-839.00
Sterling in Milan 1500.25-1501.75.

EURO-CURRENCY INTEREST RATES*

May 25 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W. German mark	Swiss franc
†Short term	10¼-10¾	5¼-5¾	7¼-8¼	4⅛-4⅝	4¼-4¾	4⅛-4⅝
7 days notice	10⅝-11	5⅝-5⅞	8-8	4⅛-4⅝	4⅛-4⅝	2⅛-2⅝
Month	10⅞-11⅛	5⅝-6⅛	8⅞-8⅛	4¼-4⅞	3⅝-3⅞	1⅛-1⅝
Three months	11⅝-11⅞	6⅝-7⅛	8¼-8⅛	4¼-4⅛	3⅞-4	1¼-1⅝
Six months	12-12⅛	6⅞-7⅜	8⅛-8⅝	4⅜-5	4⅛-4⅛	2⅛-2⅝
One year	12⅝-15⅛	7⅜-7⅞	8⅜-8⅝	5⅜-5⅝	5-5⅛	3-3⅛

Euro-French deposit rate: two-day 7¾-8¾ per cent.; seven-day 7¾-8¾ per cent.; one-month 8¼-8¾ per cent.; three-month 9¾-10¾ per cent.; six-month 10¼-10¾ per cent.; one-year 10¼-10¾ per cent.

Longer-term Eurodollar deposits: two years 7¾-8¼ per cent.; three years 8¼-8¾ per cent.; four years 8¼-8¾ per cent.; five years 8¾-9 per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one month 5[11/16]-5[13/16] per cent.; three months 6⅜-6[9/16] per cent.; six months 6[15/16]-7⅛ per cent.; one year 7⅜-7[9/16] per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two-days' notice for guilders and Swiss francs.

Indices

NEW YORK—DOW JONES

	May 25	May 24	May 21	May 20	May 19	May 18	1976 High	1976 Low	Since compilat'n High	Since compilat'n Low
Industrials	971.69	971.53	980.75	987.27	990.00	989.45	1,011.02 (21/4)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (8/7/32)
Home Bonds	72.58	72.53	72.21	72.57	72.37	72.46	73.90 (22/4)	69.11 (2/1)	—	—
Transport	211.99	214.70	218.75	218.77	217.75	218.94	220.91 (11/5)	175.69 (2/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	84.52	85.54	86.54	86.62	86.65	86.58	91.99 (4/2)	84.84 (2/1)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's	18,770	15,590	18,750	22,390	18,450	17,410	—	—	—	—

Ind. div. yield %	May 21	May 14	May 7	Year ago (approx.)
	3.80	3.77	3.72	4.61

STANDARD AND POORS

	May 25	May 24	May 21	May 20	May 19	May 18	1976 High	1976 Low	Since compilat'n High	Since compilat'n Low
*Industrials	111.91	111.75	113.80	114.77	113.75	115.66	118.57 (24/5)	101.64 (2/1)	134.54 (11/1/73)	3.62 (30/6/32)
*Composite	89.49	89.44	101.26	102.00	101.16	101.26	105.51 (5/4)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	May 19	May 12	May 5	Year ago (approx.)
Ind. div. yield %	3.42	3.36	3.44	3.76
Ind. P/E Ratio	13.75	13.94	13.68	10.30
Long Govt. Bond yield	5.85	5.79	5.60	5.89

N.Y. S.E. ALL COMMON.

May 25	May 24	May 21	May 20	1976 High	1976 Low
52.98	55.01	55.98	54.51	55.30 (5/4/76)	57.86 (2/1/76)

Rises and Falls May 25

Issues Traded—1,857	Up—453	Down—1,009	Same—395
New Highs—6	New Lows—78		

MONTREAL	May 25	May 24	May 21	May 20	1976 High		1976 Low	
Industrial	292.91	(c)	295.56	297.70	307.53	(19/5)	176.62	(2/1)
Combined	199.19	(c)	198.86	199.76	199.76	(20/5)	178.67	(2/1)
TORONTO Industrial	192.47	(c)	194.62	195.90	197.46	(20/2)	178.01	(2/1)
JOHANNESBURG Gold	196.8	197.6	200.1	198.1	229.7	(12/5)	174.4	(2/4)
Industrials	213.5	214.1	212.8	214.0	215.0	(21/5)	198.5	(5/4)

	May 25	Previous	1976 High	1976 Low
Australia (a)	469.87	470.43	472.91 (12/5)	409.32 (5/1)
Belgium (b)	98.06	98.25	113.12 (7/3)	98.66 (25/5)
Denmark (d)	107.52	106.49	107.79 (27/1)	100.20 (10/5)
France (e)	65.8	66.0	74.6 (3/3)	65.1 (18/5)
Germany (f)	733.0	740.5	821.7 (15/3)	725.0 (22/5)
Holland (g)	94.1	95.5	105.5 (9/3)	94.1 (25/5)
Hongkong (h)	382.54	380.14	460.35 (17/3)	374.05 (3/1)
Italy (k)	75.28	75.11	91.57 (23/2)	72.30 (4/5)
Japan (m)	339.46	340.39	344.21 (24/5)	326.42 (5/1)
Singapore (n)	265.44	264.33	289.10 (5/2)	238.35 (2/1)
Spain (p)	93.21	94.16	100.79 (7/5)	85.45 (1/4)
Sweden (q)	461.59	463.23	476.96 (10/5)	335.35 (19/1)
Switz'rl'd (r)	279.2	283.1	296.6 (12/5)	279.2 (25/5)

Indices and base dates (all base values 100 except NYSE All Common—50 and Standards and Poors 10; (a) Sydney All Ord (b) Belgian SE 31/12/63 (d) Copenhagen SE 1/1/73 (e) Paris Bourse 1961 (f) Commerzbank December, 1953 (g) Amsterdam Industrial 1970 (h) Hang Seng Bank 31/7/64 (k) Milan 2/1/73 (m) Tokyo New SE 4/1/68 (n) Straits Times 1966 (p) Madrid SE 31/12/74 (q) Stockholm Industrials 1/1/58 (r) Swiss Bank Corp. 31/12/58 (u) Unavailable. ‡ Excluding bonds. * 425 Industrials. † 425 Inds., 40 Utilities and 25 Rails (c) Closed.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—112% (111%)

NEW YORK

Stock	May 25	May 24
Abbott Labs.	43	42¾
Addressograph	9	8⅞
Corning Glass	70¼	71½
CPC Int'nation'l	42	43
Crane	63⅛	65
Crocker Nat.	46	22⅞
Johns Manville	26⅛	27
Johnson Johnson	86	86⅛
Johnson Control	21¼	21½
Joy Manufactur'g	46	44⅛
Reading	1⅛	1⅛
Republic Steel	46½	46⅝
Revlon	74⅛	74⅝
Reynolds Metals	36⅜	36⅝
Zenith Radio	31¼	31¼
Chile 6% 1993	†90	†90
U.S. Treas 4% 1985	†89½	†89¾
U.S. Treas 3¾% '80	†80½	†80⅞
U.S. 90 day bills	5.46%	5.42%

GERMANY ♦

May 25	Price Dm.	+ or −	Div. %	Yld. %
A.E.G.	90.1	−3.3	—	—
Allianz Versich.	388		17	2.3
B.M.W.	239.5	−3	18	3.9
BASF	155.5	−2.3	14	4.5
Bayer	131.9	−2.8	17	6.1
Bayer Hypo	278	−3	20	3.6
Bayer Vereinsbk.	278	−3	20	3.6
Commerzbank	182.3	−2.7	18	5.0
Conti. Gummi	90	−1.7	—	—
Daimler	328.5	−4.5	17	2.6
Degussa	237	−3	15	3.8
Demag	168	−¾	—	—
Deutsche Bank	279.3	−4.7	20	3.6
Dresdner Bank	209.5	−5	20	4.7
Dyckerhoff Zem't	155		6	1.9
Gutehoffnung	179.5	−3	14	3.9
Hapag Lloyd	124.5	+0.5	12	4.9
Harpener Dm100	155	−2	8	5.2
Hoechst	148.5	−3.5	14	4.7
Hoesch	57	−1.9	—	—
Kali Salz (Dm50)	107		7	3.3
Karstadt	401	−4	20	2.7
Kaufhof	240	−1	20	4.2
Kloeckner (Dm100)	115	−1	—	—
Kloeck Humboldt	161	−3.1	6	2.1
Krupp Dm100	125	−0.5	—	—
Kundenkredit Bk.	279	−2	18	3.2
Linde	193	−3.5	16	4.2
LowenbrauDM100	1,750		20	1.4
Lufthansa	90	−3	4	2.2
M.A.N.	164	−1.1	12	3.6
Mannesmann Dm100	359.3	−4.2	14	3.9
Metallgesellschaft	247.5	−2.5	10	—
Munch. Rueckvers	415	−10	18	2.3
Neckermann	98	−2.2	—	—
Preussag Dm. 100	147.5	−1	7	4.8
Rhein West Elect.	148.5	−2	17	5.5
Schering	332	−6	20	3.0
Siemens	279.5	−3.7	16	2.6
Sudzucker	245	−3.1	19	3.8
Thyssen	120.1	−3.2	14	5.8
Verein & West Bk.	317		20	2.9

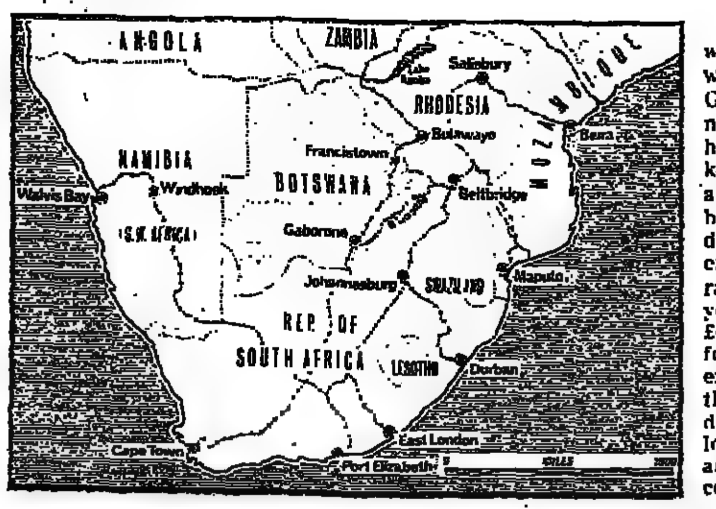
PARIS

May 25	Price Frs.	+ or −	Div. Frs.	Yld. %
Air Liquide	362	−5.6	16.5	4.7
Aquitaine	355.1	−1.9	22.5	6.8
Beghin	87	−1	—	—
B.S.N. Gervais	604	−1	37.5	6.3
Carrefour	1,903	−40	57	3.0

Despite sanctions and sentiment the Botswana railway runs

A Rhodesian lifeline

BY STEWART DALBY



IE RAILWAY is to Botswana nost what the Nile is to ypt. It probably takes a ride the Rhodesian-owned line iich crosses Botswana from uth Africa to Rhodesia fully realise just how dependent country is on it, and why is extremely reluctant to ionalise it and close the rder with Rhodesia despite inting pressure to do so.

Botswana is the size of France has fewer than 700,000 ople. Much of the country sists of the forbidding Kala-ri desert. The population is icentrated in the thin eastern ip of the country. Apart from madic bushmen, cattle raisers d other subsistence farmers, y live in small sleepy towns se to the railroad — it has en estimated that 70 per cent. the population live within miles of it.

Ten years after independence, swana still has few roads. e main road from Gaborone, capital, to Francistown, the ond town, close to the odesian border, is described an all-weather road, but it is ll not wholly metalled. The d farther north to Zambia, ich is being built with nadian and American money well as other donors' help, only gravelled.

The Government of Sir retse Khama attaches great portance to roads and 45 per nt. of this year's development dget of R56m. (£36.9m.) is ing devoted to building them. r the moment, however, the 6-mile railway which winds from Mafeking to Salisbury the other direction it is pos-ble to go down to Capetown) the main line of communica-ns.

Something like 80 per cent. of tswana's internal traffic vels along the line as well as lot of its people on the pas-nger service. Of the estimated m. tons a year of goods which e thought to be carried on e single track diesel powered e, just under 1m. tons are ought to be Botswana's own ade, with the rest divided be-een Zaire and Rhodesia. tswana produces little of what consumes, so that much of e traffic consists of imports om South Africa. But the rail-y is used to carry Botswana ef, the country's largest port. It is not used for dia-onds, the second largest sport. They usually go by ad, as the bulk size of a dia-ond shipment is not large.

Sometimes trains are "mixed" with both freight and passengers. The passenger trains going up to Rhodesia are usually full. This has remained true despite bombing on May 5 and again this week.

Because Botswana suspended air flights into Rhodesia, as part of its contribution to the sanctions effort, going up by rail is one of the few ways of getting into Rhodesia. One catches the train at 7 a.m. in the evening at Gaborone, has a reasonable dinner in the dining car if one can afford a first-class ticket, and wakes up to eggs and bacon just before Francistown.

There you step off the train on to the main street. On the other side of the track there is nothing except miles of flat bush stretching to the back of beyond. The dusty and holed main road is lined with a number of trading stores, including a "bottle shop" for buying duty free drink to take into Rhodesia, and two hotels.

Francistown seems to epitomise the uncertain and fluid nature of relations between Botswana and Rhodesia. In the better of its two hotels the bars bustle with white expatriates noisily drinking and talking. Mingling with them, there almost certainly are white deserters from the Rhodesian army as well as men who probably work for Rhodesian security. At least two people claimed to me that they were deserters.

It is not impossible that a number of guerillas from Rhodesia also find their way into the bar for a drink. The question of guerillas crossing the border has always been an extremely sensitive and delicate one, but top government officials in Gaborone do admit that some guerillas do cross or at least "stray" into Botswana. They say that because Botswana has no army, but only a small police force, it is impossible effectively to patrol the entire border.

Security men

Though one cannot prove it, it is said that a number of Rhodesian security men get on the train at Francistown and travel as far as Bulawayo to look out for suspicious characters. I did not see any armed guards or indeed any guns as the train rolled across the flat sandy bushland. The passport formalities were reasonably relaxed. But no doubt there were some weapons somewhere on the train.

The Rhodesians regard the portion of the railway from the Botswana border to Bulawayo as the most vulnerable to attack. It was along this portion that the incident took place on May 5.

The Rhodesians want to keep the railway open to show the world that the country is not being economically strangled. According to Sir Seretse Khama, the line is carrying 20 per cent. of Rhodesia's external trade. In Salisbury sources say they firmly believe that the Beit bridge line into South Africa could carry all Rhodesia's exports and imports. In Gaborone they say that despite handling the Zaire traffic the railway is only working up to 60 per cent. capacity. It would not be fatal for Rhodesia if the line were closed—it would probably not even be very serious.

The reverse is true for Botswana. A Canadian survey team worked out with the Botswana Government that if it were to nationalise the railway it would have to find £43m. merely to keep it going. This excludes any compensation that might become due to Rhodesia and does not include salaries of the expatriates needed to run the railway. Nor does it include yearly running costs. Of the £43m., £27m. would be needed for new rolling stock, since the existing equipment belongs to the Rhodesians who would withdraw it. Something like 24 locomotives would be required and anything up to 2,000 coaches.

Sir Seretse said in 1974 that he wanted to nationalise the railway but that obviously would be a long term project. The need to keep it running in the meantime has partly conditioned his foreign policy. He has consistently condemned apartheid in South Africa. He has refused to have direct diplomatic links with Pretoria and has declined all offers of aid or assistance from South Africa. He has strongly supported other black African governments in the call for majority rule in Rhodesia, and he has tried to implement sanctions against Rhodesia. But there has been a closely defined limit to what he has been able to do. Closing the railway precipitately would not do a lot of damage to Rhodesia but would do a lot of harm to Botswana. Mr. Archie Mogwe, the Foreign Minister, puts it like this: "We are prepared to die a little to help our brothers —but we are not prepared to cut our throats."

All this does not mean that Sir Seretse Khama will not ultimately close the railway. But it is not a decision he is going to take lightly, and it is not something that is going to happen overnight.

FARMING AND RAW MATERIALS

Heavy rain hits Soviet cotton

MOSCOW, May 25.

MORE THAN 40,000 hectares of cotton have been destroyed by heavy rain in the Soviet central Asian republic of Tajikistan, according to Tass news agency.

But the areas which were washed away by rains during the past six weeks have all been re-planted, Tass said.

The most recently published figures show that 265,000 hectares of cotton were grown in Tajikistan in 1974.

Tass said the rains, and to a lesser extent the two earthquakes which have hit the area recently, had also damaged roads, irrigation canals and their "hydrotechnical constructions." These were all being repaired.

There has been no official mention so far of damage to cotton irrigation systems in Uzbekistan. This region took the full force of last week's severe earthquake, which left 10,000 homeless. In 1974, 1,731,000 hectares of cotton were cultivated in Uzbekistan.
Reuter

Buffer stock for tungsten urged

NAIROBI, May 25

BOLIVIA WANTED tungsten included in a common fund, should the UN Conference on Trade and Development agree on establishing such a price stabilising scheme this week, Bolivian officials said.

Even if UNCTAD failed to agree on a common fund, the officials said Bolivia would press for a buffer stock at the meeting of world tungsten producers to be held in Brussels in early June. They would try to establish the principle of joint consumer and producer financing for such a stockpile inside an agreement between importers and exporters.
Reuter

PRICE RISE FOR MANGANESE ORE

TOKYO, May 25.

The Japanese ferro-alloy industry had reached agreement with representatives of Broken Hill Pty. of Australia on an 8.6 per cent. rise in the price of Australian manganese ore to be shipped to Japan in the 1976 fiscal year, the Japanese Metals and Chemicals Company announced here.

The new price is $63.20 per tonne fob, compared with about $58.20 previously.

The company said the industry had also fixed the volume of Australian manganese ore Japan planned to buy this year. Total volume was smaller than the 800,000 tonnes imported last year.

New levy proposed in bid to boost farm exports

BY PETER BULLEN

BIG OPPORTUNITIES exist for Britain to boost its agricultural exports, a Government advisory committee says in a report released yesterday. But to realise the potential the industry will have to pay a compulsory levy.

"Given a more powerful promotional organisation, and a more certain system of financing, such as we recommend, there is no reason why a major increase in exports should not be achieved," said Sir Nigel Strutt, chairman of the Minister of Agriculture's advisory council for agriculture and horticulture.

In a report to the Minister, Mr. Fred Peart, the council says substantial opportunities for exports exist, particularly in the EEC and the oil-rich countries. Middle Eastern countries alone are estimated to need at least £15bn. worth of agricultural imports over the next five years.

To help expand the export trade, the council suggests the revamping of the British Agricultural Export Council to form a new statutory central promotional body. The BAEC should be expanded and renamed, and should be financed by a compulsory levy charged on the whole industry, it says.

Above all, there is a need for an increase in the £70,000 a year, which is spent by the BAEC at present. This should be raised to £150,000 a year as soon as possible, rising eventually to £500,000 a year or about 0.01 per cent. of the value of U.K. agricultural output.

The council, which examines many different ways of raising the levy, makes no specific recommendation on this point, although it hints that a very small, "across the board" levy on every section of agriculture and horticulture, plus contributions from major agricultural support industries, such as farm machinery and chemicals manufacturers, would be the fairest.

Opportunities

Pointing to the sums being spent by similar bodies in other countries, some of which amount to several million pounds a year, the council urges that no time be wasted in boosting the BAEC's finances.

"The opportunities exist now and BAEC with its present organisation cannot take them. We are living in a world in which most, if not all, of our competitors are better organised than we are and where most of our customers expect to be able to get in touch with a comprehensive and efficient organisation in the agricultural field.

"This means that BAEC needs a suitable increase in its financial resources now to begin to build up its staff and its operations to the required level as fast as it can."

The Government should do this, either by increasing its present grant (£30,000 out of the BAEC's £70,000 income) immediately or by lending the BAEC the necessary funds on the security of the levy, out of which it would be repaid over a number of years.

Mr. Peart yesterday was not prepared to give any early reply to this recommendation. Answering a written question in the Commons, he said the report indicated the scope for further increasing agricultural exports.

"The BAEC already does important and valuable work with limited resources. This report makes a strong case for a more powerful promotional effort by the industry, and I shall now be seeking the views of the industry and others concerned on the recommendations," he said.

Lord Glenkinglas, BAEC chairman, welcomed the advisory council's report. What the BAEC had achieved on its ridiculously small resources in recent years had been "absolutely staggering." He wanted a gren light from the Government in the next two or three months to begin the vital re-organisation called for in the report.

Early milk price rise sought

BY OUR COMMODITIES STAFF

BRITISH DAIRYMEN yesterday urged the Government to break its promise not to increase the price of milk this year. Otherwise, they warned, there would have to be a sudden and damaging rise of 1½p or 2p a pint early next year.

The milk price must go up as a result of the increases in EEC farm prices agreed in Brussels in March and higher distribution costs, it was claimed at the Dairy Trade Federation annual conference at Stratford-on-Avon.

Mr. Nicholas Horsley, president of the Federation, said: "If the milk price is held down until next January it will have to go up then by a minimum of 1½p and perhaps by 2p a pint to pay the farmers' higher prices.

"We are asking the Government to realise that two halfpence increases this year would be more sensible than a sudden big rise next January."

Mr. Ben Davis, vice-chairman of Unigate, told the conference that a 1½p increase in the price of a pint of milk early next year would be "damaging and unpalatable" to the dairy industry. Milk sales were still flagging after the 1½p rise in November last year.

Over-production and falling demand for milk in the EEC had already led to the build-up of costly surpluses of butter and skimmed milk powder, Mr. Davis said. "As members of the Community, we are at the moment in the salvage business, seeking dumps for foodstuffs we don't need."

If housewives cut back by one pint of milk each a week, it would be equal to a 7 per cent. reduction in milk sales countrywide. This would mean a further 119m. gallons of milk to go into butter and skimmed milk production, said Mr. Davis.

Dr. Keith Dexter, director general of the Agricultural Development and Advisory Service, said the competitive strength of the U.K. processing industry depended on the ability of dairy farmers to supply increasing quantities of milk at prices fully competitive with those prevailing in other member states of the EEC.

Some indication of the potential had been given by production results of recent months, showing an increase in output of some 8 per cent. from a national dairy herd 5 per cent. smaller than it was a year earlier.

"Greater production and utilisation of grass has enabled more cows to be kept on fewer acres," he said. A typical improvement in stocking density during the last decade had been from 1.6 acres per cow to 1.3 acres—an improvement of almost 20 per cent. Much of this is due to a greater use of nitrogen on grassland.

Ten years ago, some 70 to 80 units of nitrogen were used per acre of grass on a typical dairy farm. To-day, some 150 units were used.

New surge in cocoa and coffee

By John Edwards

COCOA AND coffee prices surged close to record levels on the London terminal markets yesterday.

On the London Robusta coffee futures market the July position gained £48 a tonne, to £1,447.5. The July position on the cocoa market closed £29.25 a tonne higher, at £1,134.5, having traded at £1,143 earlier in the day.

In both cases, there was no fresh fundamental news behind the price rises, triggered by renewed trade and speculative buying after the decline in values on Monday.

In the cocoa market, however, the upward move was influenced by the shortage of immediately available supplies and the apparent unwillingness of producers to sell at the lower price levels.

World sugar values also closed higher, despite moving down in the morning, when the London daily raw sugar price was cut by £2 a ton to £190.

There was little reaction to the forecast by the sugar statistician, F. O. Licht, of a rise in world stocks to 19,317,000 tonnes by the end of the 1975-76 season on August 31. The forecast put production at 82,047,000 tonnes and consumption at 79,855,000.

All three figures—production, consumption and final stocks—show increases, compared with last year, and Licht's first estimate in February, but they are in line with market estimates.

Tin price rise predicted

SINGAPORE, May 25.

FURTHER RISES in prices of tin and other non-ferrous metals are "very likely" in view of the continuing world economic recovery, according to Mr. Peter de Koning, the International Tin Council buffer stock manager.

In an interview here with Reuter, he said it was very likely that tin export quotas would be ended at the next ITC meeting in July in view of the economic situation.

Our Commodities Staff writes: Tin prices moved up again on the London Metal Exchange, the three months quotation rising by £24.5 a tonne, to a new record of £4,353.5. The market was encouraged by the very small decline in Penang overnight, despite a much increased turnover.

Copper prices also rose in quiet trading conditions. Cash wirebars closed £15 a tonne up, at £835.5.

DANISH AGRICULTURE

Stagnation worries a vital industry

BY DAVID FREUD

AFTER TWO decades of steady growth Danish agriculture is finding itself in unaccustomed difficulties. According to Mr. Pildegaard Larsen, president of the Agricultural Council of Denmark: "The position is becoming a little dangerous."

Overall production — worth about Kr.17bn. (£1.5bn.) in 1975 —has been constant during the last three years, and in 1975 there were even some declines in certain sectors. Pigmeat production, for example, fell by 40,000 tons.

Current capacity is underutilised and the Agricultural Council estimates that the level of investment in 1975, at Kr.3bn. (£273m.), was barely sufficient to maintain capacity.

The state of the agricultural industry has inevitable repercussions in the Danish economy. The industry exports more than two-thirds of output—in 1974 it brought in Kr.13.8bn. of foreign currency, 29 per cent. of total Danish exports.

Although the proportion has fallen since 1960-64, when exports accounted for 49 per cent. of the total, the strength of the industry is a vital factor as the country's trade balance rapidly worsens.

The council gives a variety of causes, both internal and external, of the plateau in production. It claims that Danish agriculture has been placed at a disadvantage with its main EEC trading rivals by higher interest rates and taxes and fewer subsidies.

Externally, two of its biggest markets, Italy and the U.K., are contracting. The disparity between ordinary exchange values and "green" currency levels used in EEC trading is an added difficulty.

Interest rates are among the highest in Europe at between 15 and 16 per cent. The Dutch equivalent is only 8 per cent. While there has been some Government and EEC help, the council would like additional Government guarantees to allow farmers to borrow petro-dollars at 8 per cent. Applications for loans from this source have been minimal due to fear of the effect of any future devaluation in the kroner rate against the dollar.

Land and property taxes have been raised, increasing their cost to agriculture by 315 per cent. since 1973, to Kr.696m. in 1975-76. Land tax now stands at 2 per cent. of value, costing a farm of 25 hectares Kr.5,500 (£500) a year. The Danish rate is by far the highest in Europe—double France's and three times Holland's.

Danish farmers claim they receive the lowest national subsidies in the EEC. West German farmers receive a 22 per cent. subsidy, according to council figures, French and British 12 per cent. and Dutch and Belgian 8 per cent., while in Denmark there is only a 1½ per cent. subsidy of total production.

Export markets

Of the three biggest export markets, there is growth only in West Germany, which took Kr.2bn. in 1975 and is the most important market for older cattle. Demand in the other two, Italy and the U.K., has fallen.

The decline in the U.K., which took 35 per cent. of total exports in 1975 and is still by far the largest market, is the most serious. Britain takes 80 per cent. of Danish bacon, but declining demand has caused a 12 per cent. cut in production.

Italy has been a substantial importer of young cattle and Denmark's third largest market. But in 1975 demand fell by nearly 10 per cent. and the new import restrictions will cause further difficulties.

Considerable efforts have been made to open up new markets, especially for pigmeat. Denmark is the largest exporter of pigmeat in the world, with 8m. pigs sold abroad every year.

There is steady growth in France and Germany and the beginnings of pigmeat trade with Japan, now worth about Kr.200m. (£18m.).

Initially, there were considerable problems in the trade with Japan due to seemingly arbitrary import halts imposed by the Japanese Government when quotas reached a certain level. But the council, after long discussions, hopes that this practice will not recur. Japan is seen as a market with huge potential.

The use of "green" currencies for agricultural trade in the EEC has had a mixed effect. On the one hand it has undoubtedly kept trade with the U.K. and Italy from declining even further. The "green" pound rate for kroner is 13.60, while the commercial rate is around 11.00.

On the other hand the Danes watch the recent success of West German agricultural exports with dismay. Many believe the benefit the Germans obtain from a "green" mark — some 10 per cent. below the commercial rate —is the secret price Germany is exacting for adherence to the Common Agricultural Policy.

The Danes would like to see the monetary and agricultural aspects of the CAP separated to give the policy a chance to operate. As exporters, they do well from the system.

However, Mr. Larsen said: "I am a little afraid for the future for the first time. I can't see any particular willingness to get on with the building up of the EEC, and the farm policy is the foundation of the policy."

A smoothly working CAP is one prerequisite for a resumption of agricultural growth in Denmark. Mr. Larsen hopes the Government will step in to equalise the burden on Danish farmers with that of their main rivals.

The final element in a prosperous equation would be economic recovery in the U.K. Mr. Larsen said: "I'm hopeful things will change. The U.K. will come up again."

Denmark to seek curb on shrimp fishing

COPENHAGEN, May 25.

DENMARK will seek the first international agreement on shrimp fishing in the north Atlantic at a meeting between 12 countries in Cuba next month to discuss catch restrictions, a senior Fisheries Ministry official said here.

Mr. W. Ledkkegaard said: "Danish efforts will be concentrated on the waters west of Greenland that are extremely rich in shrimp."

The Greenland authorities and the Fisheries Ministry hoped that, by early restriction of the catch, it will be possible to protect stocks until the new Law of the Sea convention comes into effect.

The Danish Government wants a 200-mile fishing zone around Greenland and announced last year that it would declare the zone unilaterally unless agreement was reached at the Law of the Sea Conference.
Reuter

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Gained ground on the London Metal Exchange. Forward metal opened higher in the pre-market on modest covering induced by the higher overnight trend on Comex, but subsequently eased to £856 on profit-taking. It then rallied to £862 in the Ring dealings before easing afresh to £857 owing to lack of physical demand. In the afternoon however, prices moved ahead following the higher trend in the U.S., forward metal rising to £868 on stop-loss buying before ending at £861 on the Kerb. Turnover 16,800 tonnes.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Wirebars				
Cash	828-30	.....	855 6	+15
3 months	859 60	+1.5	865-.5	+15½
Settlem't	830	.....	−	.....
Cathodes				
Cash	817 9	−2	826-8	+14.5
3 months	847-8	−1	856-7	+14
Settlem't	819	−2	−	.....
U.S. Smt.	−	.....	*70	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £829, three months £857, 58, 59, 60, 60.5, 61, 61.5, 62, 61.5, 61, 60, 61, 60.5, 60. Cathodes, cash £828, 19, three months £851, 50, 48. Kerb: Bars, three months £857, 8, 9, 8, 7. Afternoon: Wirebars, cash £853, three months £863, 63.5, 63, 64, 65, 66, 65, 65.5, 65. Cathodes, three months £854.5. Kerb: Bars, three months £864, 63, 62, 61.5, 61, 60.5, 61.

TIN—Higher again despite the modest fall in Penang overnight. Values moved ahead reflecting the rise in copper and covering against overnight business in the U.S. Forward standard metal opened at £4,320 and traded up to £4,360 in the afternoon, before easing modestly to end at £4,355 on the Kerb. A demand for high grade cash towards the close in the morning was reported. Turnover 7,650 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	4230-2	+8.5	4245-7	+38.5
3 months	4340-50	+10	4357-60	+30.5
Settlem't	4232	+7	−	.....
Standard				
Cash	4228-30	+4.5	4240-2	+32.5
3 months	4340-5	+10	4352-5	+28.5
Settlem't	4230	+5	−	.....
Straits E.	†$1166½	−1¼	−	.....
New York	−	.....	*355.00	+5.25

Morning: Standard, cash £4,232, 30, 29, three months £4,330, 40. High Grade, cash £4,230, 35, 32. Afternoon: Standard, cash £4,240, three months £4,350, 55, 60, 55, 52, 55. Kerb: Standard, three months £4,330, 35.

LEAD—Firmer in line with other metals. Forward metal opened at £270 and fell to £268.5 on profit-taking before rallying to end at £271 on the afternoon Kerb. Turnover 2,375 tonnes.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	257.5-.75	−1.5	[illegible]	+3.5
3 months	268.5-9	−1	270-1	+2.75
Settlem't	257.75	−1.75	−	.....
N.Y. Spot	−	.....	*21.25	.....

Morning: Cash £257.25, three months £270, 69.5, 68.5, 68.25. Kerb: Three months £269.5. Afternoon: Three months £271, 72, 71, 71.5. Kerb: Three months £270.5, 71.

ZINC—Barely changed in very subdued trading. Forward metal traded between £437.5 and £434.5 before ending at £435 on the afternoon Kerb. Turnover 8,000 tonnes.

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	418.9	−.5	420-1	+1
3 months	434-5	−.25	436.5-7.5	+1.5
Settlem't	416	−1.5	−	.....
Prm. West.	−	.....	−	.....

Morning: Three months £437.5, 37, 36, 35. Kerb: Three months £434.5. Afternoon: Three months £438, 37, 36.5, 36. Kerb: Three months £435.5, 35.
* Cents per pound. † On previous unofficial close. ‡ $M per picul.

SILVER

Silver was fixed 5.7p an ounce higher for spot delivery in the London bullion market yesterday, at 251.5p. U.S. cent equivalents of the fixing levels were: spot 450.4c, up 12.2c; three-month 458.2c, up 12.9c; six-month 466c, up 13.4c; and 12-month 483.1c, up 13.3c. The metal opened at 252.2-253.2p (452-454c) and closed at 251.6-254.6p (453-455c) after a good level of trading.

SILVER per troy oz.	Bullion fixing prices	+ or −	L.M.E. close	+ or −
Spot	251.5p	+5.7	254.35p	+7.4
3 months	259.1p	+8.1	261.55p	+7.5
6 months	266.5p	+8.1	−	.....
7 months	−	.....	271.5p	+7
12 months	282.5p	+6.1		.....

LME—Turnover 215 (161) lots of 10,000 ozs. Morning: three months 260, 5.3, .6, .5, .2, .1, .2, 9.8, 9.9, 60, .2, .1, .2, .3, .4, .5, .4. Kerbs: three months 260.2, 60.3, 60.1, 60.3, 60.4. Afternoon: three months 261.5, 2, 1.5, 2.2, 2, 2.1, 2.2, 2.4, 2.5, 2.6, 2.7, 2.8, 1.5, 1.7, 1.6, 1.5, 1.6, 1.7, 1.6. Kerbs: three months 261.5, 61.2, 60.8, 60.6, 60.7, 61, 61.3.

FREIGHTS

DRY CARGO—N. American grain sector remained quiet, but heavy grain was covered from U.S. Gulf to Holland at $9.50 f.i.o. and from Gulf to Poland at $12.75 f.i.o., both in June.

Wheat operators paid the slightly higher level of $15 free discharge for business from U.S. N. Pacific to S. Korea in July. Two vessels were secured for heavy grain from E. Australia to Japan, with spot loading at $11.25 f.i.o. and similar business was arranged for June at $11.

Ore shippers booked a vessel from Seven Islands to Muuel at $3.40 f.i.o., with May-June loading. In timecharter sector, a 61,000-tonner was arranged for a voyage from the Continent to U.S. Gulf, via S. Africa, at $1.90 per long ton, while a vessel of nearly 13,000 long d.w.t. secured $2,350 daily for a prompt voyage from W. Africa to Continent.

COCOA

After an uncertain start, modest buying and short-covering pushed prices towards contract highs in thin conditions, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
No.6 Contract			
May	1158.0-60.0	+21.5	1160.0-34.0
July	1134.5-35.0	+29.25	1146.0-01.0
September	1085.0-86.0	+28.5	1072.0-50.0
December	975.5-76.0	+18.75	985.0-52.0
March	946.0-50.0	+16.5	[illegible]
May	924.0-28.0	+11.5	935.0-98.0
July	918.5-15.0	+16.75	−

Sales: 3,598 (4,656) lots of 10 tonnes.
International Cocoa Agreement prices, U.S. cents per pound—Daily 81.84 (82.65); 15-day indicator average 78.37 (78.06); 22-day average 75.88 (75.72).

COFFEE

Robustas closed the morning steadier, rises being attributed to mixed speculative and trade interest.

Prices closed steady, the afternoon steadiness being attributed to New York limit-up trading. Arabicas closed dull.

COFFEE	Yesterday's Close	+ or −	Business Done
	£ per tonne		
May	1450-1453	[illegible]	[illegible]
July	1446-1449	+48.0	1450-1397
September	1445-1446	+46.0	1450-1387
November	1430-1431	+47.0	1432-1380
January	1416-1420	+45.5	1418-1380
March	1411-1414	+44.5	1412-1385
May	1411-1412	+45.5	1410-1390

Sales: 3,044 (1,432) lots of 5 tonnes.
ICO indicator prices, U.S. cents per pound—Colombian Mild Arabicas 164.00 (163.25); Other Mild Arabicas 139.50 (same); Unwashed Arabicas Santos Fours 149.50 (151.00); Robustas 122.00 (122.25); Daily average 141.00 (141.45).

ARABICA: CONTRACT (buyer/seller, business, sales)—June 158.00-75.00, —, nil; Aug. 153.00-60.00, —, nil; Oct. 148.00-55.00, —, nil; Dec. 146.00-50.00, —, nil; Feb. 142.00-45.00, —, nil; April 142.00-48.00, —, nil; June 141.00-45.00, —, nil. Total sales nil.

RUBBER

QUIETLY STEADY opening on the London physical market. Good demand throughout the day, closing on a firm note. Lewis and Peat reported a Malaysian godown price of 217 cents a kilo (buyer, June).

No. 1 R.S.S.	Yesterday's close	Previous day's close	Business done
[illegible]	[illegible]	[illegible]	[illegible]

Sales: [illegible]

GRAINS

THE BALTIC—Imported grain markets remained very quiet, with little basic price movement. [illegible]

LONDON GRAIN FUTURES MARKET (GAFTA) [illegible]

EEC DAILY IMPORT LEVIES and premiums effective May 26 (in order: current levy plus June, July and Aug. premiums, with previous in brackets). Rates in units of account per tonne: Common Wheat—86.36, 2.06, 2.06, 5.58 (87.86, 2.39, 2.39, 7.11). Durum Wheat—80.27, rest nil (80.37, nil, nil, 0.77). Rye—55.54, rest nil (55.84, rest nil). Barley—29.45, 0.50, 0.80, nil (28.48, 1.60, 1.60, nil). Oats—23.14, rest nil (24.12, rest nil). Maize (other than hybrid for seeding)—30.42, nil, nil, 1.46 (32.05, nil, nil, 1.67). Levies for flours: Wheat or mixed Wheat and Rye—82.90 (65.79). Rye—80.20 (80.20).

SOYABEAN MEAL

Market opened firm, influenced by strong Chicago moving higher during morning on trade support. In the afternoon easier Chicago, coupled with trade selling, pushed prices to lows of the day, reports SNW Commodities.

	Yesterday's Close	+ or −	Business Done
	£ per tonne		
June	114.00-16.0	−1.4	120.00-17.00
August	121.00-21.5	+0.45	124.00-20.80
October	125.10-25.5	+1.05	127.00-24.80
December	127.20-27.5	+1.7	129.80-27.00
February	128.00-28.4	+1.85	130.00-28.00
April	129.50-29.5	+1.5	131.00-29.50
June	130.45-30.5	+1.8	131.50-30.80

Sales: 887 (255) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICES (raw sugar) £190 (£192) a ton c.i.f. for June-July shipment. White sugar daily price was fixed at £198 (£199).

Market opened easier, but prices recovered somewhat on trade support. Trading was thin. This tone carried into afternoon, with values gradually gaining to close at highs of the day, C. Czarnikow reports.

Sugar Pref Comm Con.	Yesterday's Close	Previous Day's Close	Business Done
	£ per ton		
Aug.	194.90-95.00	194.00-94.05	195.25-92.50
Oct.	197.50-97.60	196.40-96.55	197.70-95.00
Dec.	198.65-98.50	197.10-97.25	198.70-95.75
March	197.70-97.75	196.50-96.55	198.00-95.50
May	197.05-97.5	196.00-96.20	196.50-95.90
Aug.	196.75-97.50	195.50-96.00	197.00
Oct.	196.90-97.00	195.05-96.00	−

Sales: 1,446 (1,891) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £214.20 (same) a long ton for home trade.

EEC IMPORT LEVIES for white and raw sugar [illegible]

WOOL FUTURES

LONDON—Market unchanged to a shade either way in better volume. [illegible]

Australian Greasy Wool	Yesterday's close	+ or −	Business Done
[illegible]	[illegible]	[illegible]	[illegible]

SYDNEY GREASY [illegible]

MEAT/VEGETABLES

SMITHFIELD (pence per pound)—[illegible]

MEAT COMMISSION—Average fatstock prices at representative markets on May 25: GB cattle £37.28 per live cwt. (+0.79); U.K. sheep 51.6p per pound e.d.c.w. (−0.1); GB pigs [illegible] [illegible]

COVENT GARDEN [illegible]

JUTE

DUNDEE—Quiet. [illegible]

CALCUTTA—Steady. [illegible]

GRIMSBY FISH—[illegible]

COPRA—Philippines: [illegible]

HIDES—Birmingham: [illegible]

COTTON, Liverpool—[illegible]

PRICE CHANGES

Prices per ton unless otherwise stated.

	May 25 1976	+ or −	Month ago
[illegible]	[illegible]	[illegible]	[illegible]

FINANCIAL TIMES

May 25	May 24	Month ago	Year ago
218.47	217.57	218.66	158.26

(Base: July 1, 1952=100)

REUTER'S

May 25	May 24	Month ago	Year ago
1464.5	1455.2	1434.0	1081.8

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	May 24	May 21	Month ago	Year ago
Spot	[illegible]	[illegible]	[illegible]	[illegible]
Futures	[illegible]	[illegible]	[illegible]	[illegible]

MOODY'S

Moody's	May 24	May 21	Month ago	Year ago
Spie Commty	[illegible]	[illegible]	[illegible]	[illegible]

(December 31, 1931=100)

U.S. Markets

Strong tone in coffee, cocoa firm

NEW YORK, May 25.

SILVER closed lower on Commission House and local profit-taking. Commercial selling and speculative profit-taking weighed heavily on soyabean complex. Coffee finished strong on chartist buying and registered historic highs. Cocoa finished firm on chartist buying and Commission House buying making life of contract highs, Bache reports.

Cocoa—Ghana spot 101 (98). Bahia spot 97½ nom. (94½ nom.). July 90.00 (87.10), Sept. 83.75 (81.30), Dec. 75.80, March 71.75, May 69.60, July 67.50, Sept. 65.75. Sales: 1,340.

Coffee—"C" Contract—July 141.13 (139.15), Sept. 138.95 (136.95), Dec. 134.70-134.65, March 133.25, May 131.35-131.50. Sales: 845.

Copper—May 68.40 (68.20), June 68.50 (68.30 settlements), July 68.90, Sept. 69.50, Dec. 71.20 settlements. Sales: 5,300.

Cotton—No. 2—July 65.55-65.90 (65.37), Oct. 63.75-65.90 (63.30), Dec. 64.20-64.40, March 64.50, May 64.70, July 64.30-64.40, Oct. 63.10-63.30. Sales: 3,550.

‡Gold—May 124.50 (123.90) June 124.80 (122.50), July 125.40, Aug. 126.00, Oct. 127.00, Dec. 128.10, Feb. 129.30, April 130.50, June 131.70, Aug. 133.00. Sales: 1,370.

Greasewool—Spot 177.5 nom. (same). July 172.5-177.0 (172.1), Oct. 172.5 (172.8), Dec. 171.0-175.0, March 171.0-173.5 May unquoted.

[illegible]

COMPANY NOTICES

LONDON HOUSES AND FLATS

FINANCIAL TIMES SURVEY
Wednesday May 26 1976

Finance for Smaller Companies

A widening network of banks and institutions exists to provide finance for smaller companies. Help is also available from the Government. But there is pressure for a department of state to look after independent businesses, and small companies with new products often face severe problems in raising money.

Facilities there to be tapped

SMALLER companies often have some difficulty in being taken seriously. Overdrafts from the clearing banks are one thing, but gaining access to first class professional advice and obtaining other and more sophisticated forms of financing are another.

The venture or risk capital arms of most merchant banks are not in the business of straight lending at all, and they certainly do not wish to know about the small, non-growth situation even though it may be perfectly sound. Their ideal target is the smallish company—making, say, £50,000 to £100,000 pre-tax—with a good growth record and strong management which lends itself to netting the bank a useful rapid expansion.

The ultimate aim is either to float the company off at the appropriate time or to sell it on to a larger company, thereby netting the bank a useful capital gain. Merchant banks are not long-term holders (at least not by choice) and the general view taken is around five years up to a maximum of seven for the investment to mature.

The basic pattern tends to be the same throughout the merchant banking world, though of course there are variations in detail rather than an overall approach. The merchant banks will certainly seek an equity minority stake and they will equally certainly expect to put their own man on the Board or at least reserve the right to do so. They will be looking to invest around £100,000 average, but ideally around £250,000—though they will stoop to £50,000 if growth prospects are particularly exciting.

Clearly, quite a few companies fall into this category, though it must be said that the venture capital operations of most of the banks have diminished—some will not even talk about it. There are a number of reasons for this. First, the merchant banks engaged in venture capital were making numerous investments in the halcyon days of the last bull market in the full expectation that they would mature within the normal five to seven years and that they would be out and on to new situations. This has not taken place in a great many cases: either because the profit records no longer look attractive to bring the company to the market due to the recession in the U.K., or the simple fact that the level of pre-tax profits is not up to the £1m. mark which is widely regarded as the minimum these days against probably £250,000 before.

The institutions, which would be expected to take up the new issues, are not interested unless they can make a sizeable investment and the stock is sufficiently marketable for them to take their cash out should they so desire. That rules out a lot of companies waiting on the shelf, and means the venture capital outfits are locked in and cannot take on new commitments without a turnover of cash.

There is another reason for the fall in this type of activity, and that is that the attraction of going public is no longer the great goal for the smaller businessman—who needs full exposure to outsiders, worker participation, inflation accounting and the rest? Many businesses are quite content therefore to remain private, so long as the owners are making a sufficiently good living. Why have to sell off part of a thriving business to someone else? Why probably have to suffer interference from an outsider on the Board, and probably get pushed along into things not fully understood and possibly lose the motivation of running the business.

Strongly

The Industrial and Commercial Finance Corporation (ICFC) would argue strongly that these criticisms cannot be levelled at it. Among the merchant banks, of which ICFC is far and away the largest with over 2,300 customers, it is probably the least restrictive. It will lend from £5,000 to £1m. and the form this actually takes will depend on the circumstances. But the ICFC can justifiably claim to be a genuine lender of medium-term finance and prides itself on not interfering with its customers: it has only exercised its right to put a man on the Board of the companies in which it has taken an interest in 4 per cent. of cases. It is also a long-term holder in many instances.

However, it is noticeable even here from the last accounts that the volume of new projects is slowing down considerably and of the £51m. invested during 1975 over half went to existing customers. The trend is clearly the requirement for medium-term finance, although the clearing banks have been shifting some ground and they too are now prepared to lend up to 10-year money. The ICFC will lend up to 20-year money on fixed rate as against the clearers' variable rates.

However, the ICFC is not universally loved. The Smaller Businesses Association remains highly critical and argues that the terms and conditions are too tough for most small businessmen to meet. However, on that score it would appear only reasonable that the businessman requiring the finance should have to suffer some sort of examination to establish creditworthiness. The preliminaries seem straightforward enough: accounts for five years or the full trading period, current trading picture, forecasts, major shareholders, details of the directors and of the products.

But even if one disagrees with that particular criticism—and it pays to remember that the smaller businesses are after all on the receiving end—there are some extremely valid arguments. They maintain they are denied medium and long-term finance from the clearing banks and that the only help from the City comes in the form of equity participation which destroys incentive and drives away the man who wishes only to run his own show. They have called for a special Minister to look after the interests of smaller businesses; the introduction of a Credit Guarantee System such as operates in France, Holland and North America; and some of the cash in the EEC's regional development fund going into smaller businesses.

It would be quite untrue to suggest that the City and the financial community is standing idly by. The clearing banks are making more of an effort to attract and stimulate the smaller business. Barclays, in particular, has set up its Business Advisory Service which offers help free of charge to the bank's own customers and to others at a charge. Lloyds Bank, too, could shortly announce a similar type of operation having operated a pilot scheme for some time.

Then, of course, there has been the formation of the much publicised Equity Capital for Industry, a new organisation which, it has to be admitted, had to be wrung out of the institutions. Just how it is to operate, and the types of candidates eligible for help will be the decision of the heavyweight Board and the yet to be appointed chief executive.

And there are other organisations, like Small Business Capital Fund, which currently has 15 investments. This group would claim to be management experts, having all been recruited from industry, rather than financial wizards. It has the backing of the Co-operative Insurance Society and would expect to look at most areas—excluding property or retailing—since the latter would clash with the Co-operative Societies' own operations—and the ratio of equity to straight loan would generally be in 1:3 or 1:4 bracket. Customers are found by executives moving around the country, meeting local solicitors, accountants, insurance brokers, and bankers, and gaining introductions.

Estate Duties Investment Trust (EDITH), which is 41 per cent.-owned by the ICFC, is yet another organisation which is of particular help to the smaller businessman heading for a Capital Transfer Tax problem. EDITH sets out to be a long-term holder of equity in either private or public companies, where the marketability of the stock is particularly difficult.

The Government has made some effort, having set up a network of Small Firms Information Centres. The staff are not always financial sophisticates, though they serve the very valuable purpose of being able to direct smaller companies towards the relevant people who actually provide the facilities—consultants, clearing banks, merchant banks and local trade associations.

The National Research Development Corporation (NRDC), which backs companies from scratch, should also not be overlooked or underrated. Its function is to convert good ideas into commercial success.

Obviously there are gaps in the system, but it would appear that there are more facilities available than are generally realised. Perhaps some of them are not sufficiently publicised to reach the smaller businessman who, it seems, is either unaware of their existence or confused by the variety. Either way it must be said that the smaller business is being taken more seriously than ever before.

Keith Lew

A look at Government aid

CAN smaller companies benefit from Government advice and financial aid to the same extent that larger companies do? The answer is that they can, though for two basic and interconnected reasons they tend not to in practice. By definition the smaller company is less important both to the national wealth and the national labour pool and thus tends to be left out of those campaigns advertising Government aid. At the same time the smaller company with its limited managerial numbers is generally less aware to begin with of what forms of public sector assistance it can call upon.

But help is available. The Government runs information centres specifically for smaller businesses where advice is given freely on a whole range of basic problems. The function of these centres—the Small Firms Information Centres—is to put the small business in touch quickly with the authority, company or source of financial supply it may require.

There are no formal limits to the types of business that are allowed to make use of the centres, and the advice available is wide ranging. The centres will answer questions on finance, taxation, metrication and industrial training; importing, exporting, general planning and even to the best way to fill in forms.

The centres are, of course primarily intended for the smaller business, and typical inquiries come from companies with an annual sales turnover of, say, £50,000 a year or from companies employing up to 200. The centres are spread across ten areas of the U.K. and are currently to be found in Birmingham, Bristol, Cardiff, Glasgow, Leeds, London, Luton, Manchester, Newcastle and Nottingham.

Whole

But the main source of Government assistance for the smaller company is probably that which applies to the whole of industry. Under the terms of the 1972 Industry Act, there is special assistance for companies wanting to expand or establish themselves in any of the so-called Development Areas.

This aid applies just as much to the smaller company as it does to the major enterprise. It takes a number of forms including the provision of grants to companies moving in from outside a development area, or towards the cost of building a factory. Custom-built factories are provided by the Department of Industry and these can either be purchased or rented. Development areas now cover half the country taking in Scotland, Wales, almost the whole of the North of England as well as large areas of the West Country.

The level of Government assistance is now much greater than in the past. One attraction is that companies which are already established in a development area and expand are treated on the same basis as organisations which have newly arrived. In assisted areas, regional development grants are available on capital spending for certain types of business (mostly manufacturing, mining and construction) and there are a range of grants for new buildings and works.

Such grants are paid in addition to full tax allowances and the result is that in assisted areas companies make major savings on the cost of plant and buildings. The savings are slightly less for the smaller company paying the smaller company rate of corporation tax but on an average basis companies can find themselves finding less than 30 per cent. of the cost of new machinery by the time the first tax bills come in and less than 60 per cent. of the cost of new industrial buildings.

At the same time, various selected areas benefit from financial assistance if they are stimulating employment. Although most of the grants available on this basis are aimed at manufacturing and construction industries, companies in the service sectors can qualify. Generally speaking projects which create jobs can qualify for loans at concessionary rates together with grants covering the cost of any removal.

In addition to the grants offered by the Department of Industry, the Department of the Environment makes money available through the Council of Small Industries in Rural Areas. This organisation provides technical and managerial support as well as financial assistance to companies in rural areas and small towns in England and Wales — advancing loans up to a maximum of £20,000 to organisations employing 20 or more. Other Government sponsored bodies supporting commercial life include the National Research Development Corporation (NRDC), which provides finance for specific activities.

Innovation

NRDC provides support in parts of the country where companies have long found it hard to raise finance. It can, for example, support the development of new products or services by small companies where they involve innovation rather than straight forward commercial exploitation. In the past NRDC has allowed and supported the development of technically orientated businesses and has also made joint investments with other venture capital organisations. NRDC's normal means of covering its investment is a levy on sales but in cases where the new project is the major activity of a small or new business NRDC could seek an equity interest.

The influence of the Government on business life is clearly considerable — vast quantities of small company finance are arranged through the Industrial and Commercial Finance Corporation, for example, while in the field of exports, financial assistance — in the form of attractive bank loans — is available to industry once it has the insurance backing of another Government-sponsored organisation, the Export Credits Guarantee Department.

ICFC provides finance to small and medium-sized businesses in amounts ranging from £5,000 to £500,000—or occasionally more. Its financial schemes are tailored to the specific requirements of the individual company and may include secured or unsecured loans, preference or Ordinary shares; property and equipment leasing and plant purchase are also part of its service.

ICFC's rates of interest on loans are market rates, typically on the low side of the going rate and expenses are relatively modest. Rates are fixed for the period of the loan and repayment terms are normally spread over periods of up to 20 years. ICFC was formed in 1945, and was merged in 1973 with the Finance Corporation for Industry under a new parent company, Finance for Industry.

ICFC has 18 branches in the U.K. and these are grouped into four major areas of operation. This branch structure was created in order to build up sound local knowledge and to gain insight into the different operating environments to be found among the regions. It is not ICFC's policy to interfere with the day-to-day management of customer companies nor to obtain control of customer businesses. There are the odd exceptions. Where there is an obvious gap in the management strength of a customer company ICFC will appoint a nominee director. Less than 5 per cent. of companies in which ICFC has invested have a corporation representative on their Boards.

Jeffrey Brown

Starting from scratch

ONE OF the failings of the British, perhaps apocryphal, is that while there is no lack of inventiveness in the nation, the people who wish to go it alone with a new product or service find it extremely difficult to get the necessary financial support. This occasionally gives rise to newspaper articles and television programmes detailing the trials of men with brilliant ideas who run up against walls of indifference, only to fall into the hands of eager foreigners who patent the ideas and export the results back to Britain.

This is by no means an accurate picture but there is no disguising the fact that it is extremely difficult to start from scratch with a "green field" idea and that the path is much smoother if one already has an existing business. People who want to go it alone generally have to shoulder a proportion of the risk themselves, for whoever lends them money will usually want to see the principals in a scheme involved up to the neck.

But apart from the obvious ports of call such as the friendly bank manager, there are other routes which may provide backing. One such is the National Research Development Corporation, which was set up in 1949 as a public corporation and can borrow up to £50m. from the Government to invest in high-risk technological inventions which would not normally warrant investment from conventional sources of finance. It is worth pointing out, however, that two-thirds of the inventions are derived from sources wholly supported by public funds (such as the research establishments of the various Ministries) and the number of inventions accepted from private inventors so far has been small.

The latter have accounted for some major development projects of the NRDC, but it is clear that NRDC finds it easier to deal with a development proposal from a well-established company than from a young man who is a private inventor. On the other hand it is always very interesting to meet the private inventor and have the facilities to evaluate whether his project is any good or not. These cover technical and commercial investigations, plus an assessment of the competence of a proposed team.

What the individual should be aware of, however, is that the NRDC is not in business to provide working capital for inventors who wish to make a fortune on their own. Its primary function is to provide development finance and this is increasingly undertaken on the joint venture principle with industry. It is also out to balance its books rather than to make a profit, and although it might take a temporary equity stake in a company in a start-up situation, this would normally be to give the company some status in its early stages and the company could always buy back again.

The normal agreement between the NRDC and a private inventor is for a sharing of revenue, after any development and patent expenditure has been deducted. One point at the moment is that the NRDC has only £20m. of the possible £50m. out in projects. Apparently it would like to borrow up to the limit and there is a "shortage of worthwhile projects, not money." So perhaps now is the time to apply

Technical

One answer to this reluctance of people to apply for capital investment came from the ICFC, which also provides finance for greenfield operations with a technical bias through its subsidiary Technical Development Capital. A spokesman there said the majority of new projects came about because someone in middle management of a large company decides that he can market a product with a relatively limited scope which the large company decides is uneconomic or too small to be significant.

In the past such a man has been prepared to back his idea with his own money, as well as whatever he could borrow from the bank. But owing to the recession, successive pay freezes and the increasing burden of taxation the middle manager finds it increasingly difficult to accumulate the money necessary to back the risk. Consequently there is a growing need for other sources of finance, but in the uncertain economic climate people are cautious about taking risks. And everyone knows that it is extremely difficult to get even a brilliant idea, brilliantly marketed, off the ground in a recession—the climate has to be right.

Even so, Technical Development Capital lends £1m. per annum in round terms to new venture situations (sums between £5,000 and £200,000). It never takes a majority stake in the equity but probably more than the parent company ICFC would require. The latter is more geared to ongoing concerns.

Another port of call which has been feeling the effects of the recession on individual

CONTINUED ON NEXT PAGE

More scope for bank managers

: CLEARING banks were er taken aback recently n they were subjected to e stiff criticism by Mr. John on. who five years ago led the special committee to ire into the finance of small panies. He argued earlier year that, though the banks e the main source of finance this sector of industry, they e still not doing enough. particular, he maintained, tion had outpaced the lend- limits allowed by the banks it was necessary to give ter initiative and authority he local branch manager.

he emphasis he placed on the of the branch and its ager is a reflection of the importance these hold in relation to small company finance. The original Bolton Committee report recognised that the big banks had a unique position in relation to the small company. For many small companies the overdraft and loan facilities provided by the clearing banks are the only source of substantial finance open to them, or at least the only one they use on a regular basis.

The banks, however, argue that they have recognised this situation in the development over the past few years of their services to the small company sector. The changes have included a significant extension of the range of lending facilities available and of the advisory and other back-up services. In the nature of this kind of development, it has involved a greater use of specialist advisers, in some instances identified as a separate entity within the bank organisation. But the functions of the branch manager have remained central to the services offered.

The development of lending and services to the small companies has taken place in recent years against the background of considerable moves in the general climate of lending to industry at large. Demand for bank finance has recently been very sluggish—the latest figures of lending by the clearing banks showed the first sign of a significant upturn in the underlying trend in some 18 months.

Condition

This situation in turn has reflected the considerable change in the financial condition of the company sector as a whole. But while the position at present appears relatively comfortable, there remains general concern about the need to provide more effective channels to bring medium-term finance to industry and about the possibility, as economic recovery gathers pace, that companies will again find themselves under financial pressure.

The initial impetus for some of the recent developments was provided during the period of serious financial problems in industry in 1974, when the combination of inflation, pressures on company profits and the hiatus in issues on the stock market created the danger of a general liquidity and capital crisis. This situation provided part of the background for the considerable increase in the funds available to Finance for Industry, itself owned and partly backed by the banks. These problems have now been considerably alleviated: but there remains a more specific concern over the availability of finance suitable to support a revival of industrial investment from the recent low levels.

The most significant development in lending by the banks has been the growing proportion which they have been providing to industry on medium term—for periods normally of up to 7 years. It was recently stated that the banks' commitments in this area had risen from £1.56bn. to £2.75bn. in the first year, and that even though under about half of this amount may be actually lent, medium-term loans might account for about a quarter of total bank lending to industry. To some extent, this has represented a switch of financing from the traditional overdraft to longer term funds. But the banks argue that it also provides a more suitable form of finance for investment and at present the banks have head-room for further increases in lending.

The danger is recognised, however, that with economic recovery there could be a renewed shortage of funds for industry, particularly in the medium-term range. For this reason, as announced by the Chancellor of the Exchequer in his Budget speech, the banks are examining with the Bank of England the possibility of special arrangements—including perhaps refinancing facilities at the Bank—to alleviate restraints which might arise in relation to the banks' own prudential considerations.

When credit is relatively tight, there is some evidence that the smaller companies suffer most seriously both from pressure from their trade creditors and from cutbacks in lending by the banks themselves. The smaller company tends to be exceptionally reliant on his bank for funds and, historically, to make particularly heavy use of the overdraft facility.

One of the areas to which the banks have been devoting a considerable amount of effort is to bring home to their small company customers the wide range of lending and other services which they now provide. This is part of the emphasis on expanding medium-term lending as a replacement for overdrafts. The banks point out that overdraft finance, available on the basis of short-term interest rates, should not be used to finance longer term investments or even, as must be the case in many companies, effectively to provide permanent capital.

It is also, however, a reflection of the growth in the range of lending services the banks are able to offer. Overdraft finance remains normally among the cheapest and most flexible. After the increases this week base rates now stand at 10½ or 11 per cent. On this basis small companies would probably be able to borrow at 12½-15 per cent. The ability to arrange a limit with the manager which can be drawn on as needed makes this one of the most useful types of finance available. It is suitable particularly for the finance of working capital requirements and for seasonal needs.

Expensive

Longer term borrowing is bound to be more expensive, but is needed for financing the purchase of long-term assets such as land, buildings and machinery. Normally, bank medium-term lending is provided on variable interest rates: though it is probable that many companies would prefer fixed rates, the banks themselves face the problem that the bulk of their deposits are short-term and the cost of them can vary. This is reflected in the rate they charge for their loans.

For smaller companies, however, banks normally offer fixed rate loans, usually for five years and for amounts up to, say, £50,000, repayable on an agreed basis by equal monthly instalments. Development loans of this type have the advantage of enabling the borrower to predict exactly his commitments and the effect they will have on his cash flow. Loans of this type may be offered on a secured or unsecured basis; the rate charged typically at one of the big banks is at present a little over 14 per cent. a year for a secured loan, with rather higher rates for unsecured.

Beyond this, all the big four banks have their own instalment credit subsidiaries, able to provide hire purchase and leasing arrangements for the financing of equipment and in some cases stocks. Within the bank groups, therefore, there is available a wide range of financing facilities to suit most of the needs of the small company. The problem which the banks have recognised, however, is to bring these to the borrower and particularly to ensure that the type of finance used is suitable for his needs.

The development of financial advisory services by the banks, either through separately organised divisions or by the provision of specialist support for managers, is one of the most important areas in which they should be able to help the smaller company. Quite often, experience has shown, a company lacking financial expertise can misjudge its own financial requirements. It may need a bigger or sometimes a smaller overdraft than it thinks; it may require some quite different form of finance.

There are signs now that the development of this service may be taking new directions, involving bringing in other institutions to back up the loans provided by the banks. In particular, this could involve co-operation between the banks and the big insurance companies and pension funds to bring new equity capital into the private companies.

Recognising that they are not in a position to put equity funds into a customer, the banks are now beginning to consider introducing their small company clients to individual institutions which may be able to put up the right kind of long-term funds. In the long run, this could mean that instead of the traditional offer for sale through which private companies have in the past gone public, the trend will be towards private placing of equity capital with groups of institutions with the bank acting as the catalyst to bring the company and the investor together.

Michael Blanden

The merger trail

: SPECTRE haunting a t many successful small nessmen is taxation: Capital sfer Tax, a possible Wealth , Capital Gains Tax and me Tax, probably in ending order of horror. '. in particular is a real at to the existence of a lot private companies and the ers have a number of rnatives: they can try to as they are and pay the they can sell off part of equity to someone like ate Duties Investment Trust)ETH), the trust 41 per cent. ed by the Industrial and mercial Finance Corpora- (ICFC) which specialises being a long-term holder of lic and private companies; can sell part of the equity a merchant bank with the ntual aim of coming to the k Market by a flotation and privacy and possibly a lot independence; or they can ge or be taken over and tinue to exist within a ler group.

o an increasing number of ller companies the latter is sibly the most palatable ice. Consider the plight of small businessman. If a vate close company has not d dividends, is making a fit and has cash in hand, the nd Revenue deems that up one half of the after-tax 3t has been paid to shareiers in dividends; thus if a pany is earning £100,000 re tax, pays corporation tax 3 per cent., the tax authori- can claim that the owners received "dividends" of)00—and that creates quite ncome tax problem. The ct is to tax the dividend as rned income in the hands ie private company shareers.

ainst this background the er business is picking up nicely after the slump of 75. According to Chesham gamations, which alises in mergers and , it has transacted as much ess in the first five months 76 than they did in the of 1974 and is comfort- ahead of last year. A great public companies which had rights issues are now ly looking around for the bits and pieces in the te sector, and the latter, ing they have a tax prob- are often agreeable. Thus is a willing buyer/willing climate.

s situation is probably d by the fact that under nt conditions at least it is sible for smaller com- s to come to the stock et by way of flotation. vever, it would be wrong to give the impression that there is some sort of merger mania. Far from it, according to Chesham who say that the process of selection on the part of buyers is far more stringent than ever before and that the requirements are more rigid. This has been the experience, too, of the corporate finance departments of the merchant banks.

The financial aspects of deals are now only part of the equation whereas before, in the sixties and early seventies, the trend was to buy anything that moves even if it does not fit in with the existing activities of the company. Research into the quality of management and industrial logic is evidently far more detailed and deals are taking that much longer to mature.

The ideal situation at the moment would appear to be the medium-sized public company, flush with cash, looking for a private group operating in its own field of activity, with good management and possibly short of cash. Trade investments of this kind are particularly beneficial, since where a company can be bought, say, for £1m., quite often the value of replacement plant alone in that company may be double the purchase price. And in addition to that there are bound to be some savings on overheads and administration, especially since the nature of the business is the same.

The trend with some public companies has been quite the reverse of that seen in the boom era in that they are quietly selling off the smaller bits and pieces that have never really fitted in with the overall nature of the group even though they may have been quite profitable. But where there are diversifications in the private and public sector it is generally where the acquired company has either strong exports and/or overseas earnings.

Chesham reports merger activity on all fronts picking up; between private companies, between private and public and all the other permutations. There is also some interest being shown in U.K. companies by the Germans, Dutch and Belgians and also by Americans although this is generally where a U.S. group already has U.K. interests.

Overall the trend is more sedate, more carefully planned and executed. On the small private side it is inevitable that the merger business will continue to grow so long as the taxation remains the same, and for the time being anyway there is no shortage of buyers.

Keith Lewis

cratch CONTINUED FROM PREVIOUS PAGE

prise is the Small Busi- s Capital Fund, which is d by the Co-operative ance Society and has a olio of 18 companies on ooks with a total invest- of £5m. After seven years eration this does not seem at deal but for the first years it had to establish bility and then the reces- took its toll. However, the is willing to back start-up prises and has backed four e so far—though it recog- that the risk element is r than for an established ess.

one example it quotes is 56-year-old man who after g career in the record busi- wanted to start up on his He was willing to put up)0 and, impressed by his y, the SBCF lent him)00 to get a factory going, an equity stake and ng up a loan in the form debenture. At the end of irst year he had made a ig profit of £140,000, which nly counted as a success. is willing to back people ideas in service industries ell as those with techno- l innovations.

another risk capital company which will back start-up operations is European Enterprises Development, which is based in Luxembourg and will provide management assistance as well as capital finance. What it looks for is a strong management team and an innovative product with a potential international market. The average initial investment is between £50,000 and £100,000 and equity stakes are taken. The company may be contacted in London through its British service company, European Business Development. It is willing to consider all projects but warns that only a few make the grade. And at the moment it is not actively looking for new projects.

This of course is the problem for the man who wants money to back up a start-up situation. He has to be prepared to try a lot of avenues and take a lot of refusals before his face fits. Should he consider the credentials of those who are prepared to back him? Obtaining risk capital is a hazardous business and at least if one is turned down, one may at least take some consolation if the refusals have come from first class operations.

Christopher Hill

Dressing up to go public

AFTER a dearth of new issues in London for over two and a half years, starting from the collapse of the equity market during 1974, it may seem irrelevant to talk of companies coming to the market with offers for sale. However, even though a revival in the issue market has been mooted time and time again since the market started to recover at the beginning of last year, it does now look if at least a few new issues will be creeping into the market.

Admittedly there was an offer by Electra Investment Trust of 12.5m. shares in mid-February, but this was a special case in that the Electra group of trusts was a known quantity before the offer and it could not really be described as "testing the market," though some 30 per cent. was left with the underwriters. Anyway, the first large equity offer looks like being Thomas Borthwick next July, with an offer for sale expected to raise between £10m. and £12m., though a much smaller issue by Wilson Walton Engineering of £0.8m. can claim to be first. If these can successfully test the market and come up trumps, undoubtedly more companies will follow in their footsteps, and the way could be open again for smaller ventures to reach the milestone of a public quote.

Easily

Yet whether a revival of activity will follow may depend on the psychological effect of the last bear market, which must have disillusioned the directors of many small companies. But basically the reasons for obtaining a quotation have not changed. There is the rather intangible argument that a quoted company gains added status which rubs off on its trading activities and ability to attract first-class executives, but perhaps more relevant is that by definition once quoted the shares in the company can be dealt in easily.

The need for the proprietors to raise cash on a portion of their holding may be the initial spur towards a quote or perhaps the need to raise fresh capital to inject funds into the business. The initial offer apart, once a quotation has been established the London capital market is more readily accessible for the group to raise further funds in the future. This may be by way of convertible or debenture issues, or perhaps by issuing further shares by way of placings or by *rights* issues such as those which have raised £1.86bn. over the past 18 months.

Furthermore, if it is part of the company's plan to expand by way of acquisition a pubuc quote can be invaluable, as it enables the directors to offer marketable securities by way of consideration for a takeover. Not only does this lessen the strain on cash resources; it increases the market in the shares, and the larger the market the less vulnerable is the share price to wide fluctuations which often occur in a narrow market.

Of course, these "traditional" reasons apart, new laws—namely Capital Transfer Tax (CTT) which is already with us, and the still debated Wealth Tax—could make all the difference to proprietors of unquoted companies. It would seem that when CTT begins to bite it will force more companies to come to the market because of the difficulty in passing a business on from one generation to the next. Once quoted, it becomes easier for "family" shareholders to sell or place shares in the market to raise cash in order to meet tax demands.

On the other hand it may be that the Wealth Tax, once it comes into being, will act as a deterrent. Proprietors of a business may feel that they will stand a better chance of applying a lower valuation to their business by staying unquoted, than face the unarguable valuation that a market quote will give.

There are some disadvantages for the proprietors in taking their company to the market. For a start the company, once quoted, the directors become responsible to a much wider group of shareholders, whose needs must take priority. In addition, from then on the group must conform rigidly to the requirements of the Stock Exchange as set out in the Exchange's publication Admission of Securities to Listing. The company will have to conform to the provisions of the Takeover Code, and generally once quoted a company is open to far reaching scrutiny by City institutions and the Press.

Careful

Directors will also have to be more careful about disclosure and be sure not to divulge any information (unless widely to the market) which could be price sensitive. This may require a considerable tightening-up of internal security. Finally, directors need to be careful how they deal in their own shares, to avoid rumours and tarnishing *of the management's image.*

Having taken the decision to go public, the method of the issue must in part be governed by whether new capital is required for the business. If so, an offer for sale will be the natural course, and indeed the Stock Exchange will probably insist upon it for a company which is expected to have a market capitalisation of over £1m.—the minimum expected capitalisation before a quota would be granted is £½m.

In an offer for sale the issuing house or sponsoring broker either buys the shares from the proprietors or subscribes for new shares, a few days before the actual offer to the public, and then arranges underwriting. On the day of issue a prospectus invites members of the public to buy shares at a certain price. Because the issue is underwritten the company is assured of receiving its full consideration for the issue regardless of whether the offer is a flop or roaring success. There is a variation on this theme in the offer for sale by tender, but this form of issue is not generally used for equity offers.

A placing in the market can be considered where the market capitalisation is expected to be small. Here there is no general invitation to the public to buy shares, but the issuing house or broker "places" the shares with institutions or clients. For new companies to the market the Exchange insists that a quarter of the shares are made available, in order that dealings can take place with reasonable ease.

The third method of gaining a quote is by an introduction. This only applies where there is a wide spread of existing shareholders. In this case a prospectus still has to be prepared, but there is no invitation *to the public to subscribe for* shares, though the Stock Exchange will usually require assurance that sufficient shares will be available to create a market after the listing.

Generally speaking in both cases of offers for sale or placings it is normal for the Stock Exchange to require that at least 35 per cent. of the capital is available to the public, which takes the company concerned out of the "close" company bracket.

The goal of going public ideally should be built into corporate objectives for several years before the company actually emerges with an offer, for a certain amount of "window dressing" is necessary. The company's record should be impressive for at least the previous five years, but perhaps more important, the company should be coming to the market when its prospects look good; the timing of the issue is vital not only as regards past performance and prospects, but the state of the market. A flop at the *issue stage* could tarnish a company's image for years. Understandably, therefore, without the market having been tested by a new issue for some time there is a certain amount of reluctance to be the first.

Terry Garrett

The leading sources of venture capital

THE PROVIDERS OF equity finance for small companies, just like the clearing banks, are still waiting for a turn in the economic climate. Last year's bout of inflation and increasing pressure on industrial liquidity has produced very little in the way of new business. This came as something of a surprise to the agencies involved, many of which had set aside funds to meet a potential flood of requests which never materialised. And despite the evidence of mounting insolvencies among smaller companies, few of these agencies' investments turned sour and a fair number had a record year.

What in fact had happened was that the combination of tax relief on stock appreciation introduced in November, 1974, and the effects on working capital of the fall in activity had temporarily deflected the much-vaunted "Doomsday machine." The specialist providers of finance, including the vaguely-termed "venture capital" sources, are not expecting a sudden upturn in the coming year either. However, when an increase in the rate of activity combines with the present trend of hardening commodity prices, small companies are bound to be on the hunt again for sources of permanent capital.

The best known *sources of* permanent finance for small companies are the ICFC, Charterhouse and Gresham Trust, and a number of venture capital subsidiaries of merchant and clearing banks. A further source is the Small Business Capital Fund, backed by the Co-operative Insurance Society where John Bolton, of report fame, is putting theory into practice.

Famous

The Macnullan Gap, christened in 1931 by the Macmillan Committee, has become the most famous of all gaps in the capital market. What the committee had in mind was those small companies whose capital requirements fell into the no man's land between clearing bank facilities, the normal source of external finance for the growing small concern, and the minimum economic size of a public issue on the Stock Exchange. By the time of the Bolton Committee report in 1971, this gap had allegedly been closed, but the information of the ICFC in 1945 was not thought to be the sole factor behind this. Among other reasons, the *growth in finance house term* loans and instalment credit in small amounts, the development of leasing and factoring, new term loans offered by the clearing banks and the development of venture capital subsidiaries by merchant and clearing banks were said to be important factors

All this may well be true, and no self-respecting advisor would recommend anything other than a "mix" of financial facilities. But there comes a time when a small firm requires more permanent capital. An upturn in the economy could find many such without an adequate capital base and the introduction of CTT threatens to break up even those firms that have. For these two reasons, some extra demand for equity finance from the smaller company could emerge towards the end of 1976.

ICFC is of course the leading private sector source of finance for the small business and since its formation in 1945 has invested more than £400m. to over 4,000 companies. Amounts provided range from as little as £5,000 to £1m. and more. Through its 18 branches in the U.K., ICFC stands to provide an extensive range of financial services in the form of loans, shares or specific asset financing.

Although its aims are similar to those of Charterhouse, Gresham Trust and others, in that it is prepared to stay with its investments, living off a combination of interest and dividend payments, there are some marked differences. In the first place, long-term loan finance tends to predominate. This is due to the way in which ICFC itself raises money through debentures and loans. At March 31, 1975, almost half of its outstanding financial facilities were in the form of debentures of unsecured and secured loans with equity, both preferred and ordinary, accounting for just over a quarter.

A further difference in approach stems from ICFC's policy of non-interference in the day-to-day management of customer companies. Only about 4 per cent. of the companies in which ICFC holds an investment have an ICFC nominee on the Board. Instead the group prefers to use its extensive branch network as the normal channel of liaison between the company and ICFC. In this sense, the ICFC could be seen rather as a market intermediary and exponent of financial services than a "nursery" where budding growth companies can flourish, although the latter is not of course ruled out.

Charterhouse Development, part of the publicly quoted Charterhouse Group, has been *a provider of minority finance* for small companies for over 40 years, and has a portfolio of 50-odd investments in the U.K. and overseas. Last year it made only two new investments. However, in a significant move last month, the company closed the door to new entrants for Charterhouse Development and announced the formation of Charterhouse Development Capital. The idea is to bring some institutional muscle into the provision of finance for the smaller company, and will involve the raising of almost £10m. of funds.

In the Charterhouse view, the Macmillan Gap, at least as far as equity capital is concerned, has not yet been fully bridged. The minimum economic size of flotation is as much of a constraint as it ever was and institutional investors have also not gained sufficient experience of investment in small private companies.

The present management of Charterhouse Development will oversee the affairs of the new fund on the same criteria as in the past, which are mainly those of good management skills in the company, a promising product (though rarely "start-up situations"-because they are too speculative) and a substantial personal shareholding on the part of the existing management.

Expanding

The approach of the Gresham Trust is similar with its portfolio of 62 investments over the past ten years. Here too, a director is invariably appointed to the board and investment is in the form of equity. Both see their role as meeting the needs of expanding companies without depriving them of con*trol and providing* a market for the sale of shares to meet among other things, CTT and other taxes.

Recent weeks have seen the formation of yet another source of equity finance. Equity Capital for Industry, after protracted debate among the institutional providers of finance. Charterhouse's new fund might be a good example of where the problems in gaining agreement stem from. Here at least there is an established record of investment and management experience with well publicised criteria for investment. One result of the debate of ECI may at least be that the institutions will start to take the problems of the small company rather more seriously than before.

Terry Wilkinson

FINANCE FOR SMALLER COMPANIES V

A major new channel

LE PROSPERING large ıanies can in normal times new capital by rights issues ıares on the stock market, same opportunity is not to small and often un- ıd concerns, however well ged.

ıh smaller businesses must fore look elsewhere for injections of equity if they to thrive and grow, and they will need backing ıd what the banks provide. s been one of the City's ıing controversies whether ng arrangements are ıate to ensure that all ving companies can tap the ıial community's resources eeded capital, through one or another.

potentially very important channel of permanent ıl is just being opened up er much argument—in the ı of the new "equity bank," y Capital for Industry, ıd by institutional investors ıing insurance groups and on funds. Equity Capital's ıs to provide share capital, ively on behalf of its ıtional shareholders acting her through it to funda- ally sound companies un- to raise it in other ways. mere creation is a recog- ı that there is—or may be ıap in the City's arrange- s for supplying new equity ed by companies, though this is a matter of some ıte, as is shown by several ıtions which regard Equity ıal as unnecessary and will ıpport it.

ese opponents take the that no company with good gh prospects to merit backing will fail to obtain it from some source in the gamut of the financial industry's range of institutions. *In addition to* the stock market for rights and loan stock issues, these include *the banks, the bank-backed* Finance for Industry for loan capital and—particularly rele- *vant to small companies*—a range of specialised institutions interested in picking and *assisting "good little 'uns."*

Prominent among these latter existing institutions is Indus- *trial and Commercial Finance* Corporation, set up after the war to promote the growth of *small businesses* and now a sub- sidiary of FFI. It has an extensive *portfolio* of holdings, totalling some £60m., in the share capital of a range of *modest-sized concerns,* the majority unquoted.

Unquoted

Gresham Trust, Estate *Duties* Investment Trust and Charter- house Group are among other banking and financial concerns which invest in small com- panies. Some insurance groups, investment and unit trusts also make certain unquoted invest- ments.

However, considerable as is the existing *range of* institu- tions interested in long-term holdings in small businesses, *the impending birth of Equity* Capital for Industry marks a key new development. It is un- doubtedly the most major new initiative in this field since ICFC was created by a joint City move 30 years ago.

Even Equity Capital's exis- tence must remain, in principle, slightly in doubt until June 21, *when the offer to institutions to* take up the £50m. of its own capital closes. But there is *little* real doubt that, despite some probable abstentions among institutional critics, at least the minimum £30m. re- quired for a go-ahead will be put up.

Thus the next few weeks should *see* the start of activity by this important and contro- versial body, about whose mode of operation and selection of in- vestments a good deal remains to be clarified. In particular, the City will be watching closely to see whether the new con- cern can identify companies with fair enough prospects to merit backing but which are *still* unable to obtain it any- where else.

Lord Plowden, the indus- trialist *who is to be Equity* Capital's chairman, has summed up its role as to be "a specialised source of equity capital for *companies whose requirements, for one reason or another,* can- not be met by the existing established institutions."

He *has also made* it clear that the new venture will not back lame ducks but only enter- *prises with sound prospects* promising a commercial return on the investment in the *medium or longer term.* At the same time, he has recognised that many of the investments *made may not, for a time,* earn an adequate yield. The City committee which prepared the Equity Capital scheme made the point that some of its invest- ments ought to show an imme- diate return to make up for a delay in others paying off.

Examples of the kind of situa- tion where Equity Capital *could step in are cases where* companies are too heavily borrowed and cannot raise enough through a rights issue to redress the position; where a recent poor trading record would make it impossible to underwrite a rights issue, though the outlook is satis- factory; or where a rights issue is ruled out for technical rea- sons, such as that the shares are quoted below their par value.

Experience

Beyond this, only experience can show exactly in what situa- tions Equity Capital will parti- cipate. *But the signs are that* it will be ready to back either quoted or unquoted companies, which *suggests that the cases* it will consider *may vary* con- siderably in size. There are also indications that it will not be particularly keen to make very small investments, regard- ing these as more suitable for ICFC or other institutions.

Lord Plowden has remarked that *investments of some* £1m. may be typical of Equity Capital, though the size may *range up to a maximum of £5m.*, a limit set by the rule that not more than 10 *per cent.* of the *£50m. resources may go* into one company. While smaller sums may clearly be *provided, it appears that Equity Capital* would probably expect busi- nesses with lesser requirements, for *instance* those *seeking* only £250,000, to look to ICFC or others.

In the early stages at least, a good deal of Equity Capital's activity may take the form of financial "packages" jointly *with* FFI. Thus, FFI, which is aiming to provide £1bn. of medium-term loans to industry, *would provide loan capital,* while Equity Capital subscribed for shares in the recipient concern. In this way, a great deal of experience of particular situations commanded by FFI —which works closely with the bankers to individual borrowing companies—would be linked with Equity Capital's own expertise in vetting applications.

One novel feature of the Equity Capital venture is that it will in effect allow all the shareholding institutions to play a part jointly through this new organisation in directly backing companies, particularly those with what it is hoped are only short-term problems over normal financing, in addition to buying shares through the stock market.

Clearly Equity Capital will be a source to be considered by smaller concerns needing new cash injection. But for many small but thriving businesses run by families or a few associates, other sources may be most suitable. ICFC, which has a network of regional offices outside its London head- quarters, has long experience in vetting and nursing growing small concerns.

Then there is Estates Duties' Investment Trust (Edith), an FFI associate which has for some 25 years existed to take share stakes in family and other businesses to assist the principal owners to continue unhampered by inheritance and death duty *problems.* It is characteristic of Edith that it is prepared to hold the interests indefinitely, and *does not normally press* to realise holdings, either through flotation of a company or other- wise. Its *usefulness has* certainly not been lessened by the new development of suc- cession duty arrangements under Capital Transfer Tax.

Among other concerns specialising in the backing of smaller companies is Gresham Trust, a subsidiary of Gresham Investment Trust, which takes interests of up to a third or so in *several companies,* with which it maintains close touch. Some are fixed up through its office in Birmingham, close to the West Midlands conurbation.

Charterhouse Group has also traditionally held a substantial portfolio of minority equity holdings in private businesses and now has around fifty such investments on its books. The *activity dates back forty years* to the time when the Macmillan Committee identified a "gap" *in arrangements for financing* smaller companies which bodies like ICFC and Charterhouse have since contributed towards closing. Some of the Charter- house investments are sold from time to time, the aim being to realise a profit; in other cases the companies in question may, in normal market conditions, sometimes be launched through public flotations of the shares.

Outside the banking field, cer- tain other institutions hold a *limited part of their resources* in share stakes in small quoted or unquoted companies. For instance, *M. and G.,* the large unit trust group, has a modest part of its total portfolio in in- vestments in private businesses in various regions of the country. Less than 5 per cent. of all its funds are deployed in this way, however, and certain of its trusts exclude investments of this kind.

Britannic Assurance, the Birmingham-based life assur- ance group which has close knowledge of nearby West Mid- lands industry, also has a number of shareholdings in small quoted companies and a few, representing a very small proportion of its assets, in un- quoted ones, too.

Margaret Reid

Support for exports

PANIES ARE continually g exhorted to export, to out potential markets over- *to expand their sales and* ıess outside Britain. The ıce of payments is a vital ır in the country's economy. Queen's Award is given to panies which have made ıgnificant contribution to ırts. From time to time body devises a slick slogan d at encouraging com- s to export.

t what is not highlighted the snares and pitfalls ıved in trading overseas how expensive these can overseas operations can be ırted waters for many com- s and losses are less easily ıd. Large companies are equipped to cover such , but for small companies r three abortive overseas ıs transactions can mean ıal disaster.

ın a company trades over- has to deal not only with ıual form of business risk ult by the customer and —which is usually preva- ı a more virulent form, s to accept a whole range ıtical risks which a com- neeting for the first time ıd rather unreal.

zards

first of these political ı expropriation of assets, includes the obvious ı of nationalisation and ıtion. But there is more ıan this. Certain govern- overseas are taking measures which can re- loss of control or the arising from an overseas ıent.

second political risk is war damage. This can ırom war between two ıs or from revolution and insurrection within a coun- try. Not only does it involve damage to property; the war can make it physically impos- sible to operate or to operate profitably.

The third political risk arises from the restrictions that may be imposed, either wholly or partially, on remittances from overseas countries. The U.K. company may well be paid in full for the goods or services provided, but find it impossible to get the money back to the U.K. Prime causes of such situations can be a general *moratorium on the external* debt by the overseas govern- ment or by a government of the country through which pay- ment must be made. Or it could arise through the cancel- lation or non-renewal of an ex- port licence or restrictions by law on exports or imports. Poli- tical events, economic, legisla- tive or administrative difficulties could prevent or delay transfer of payments.

In addition, it can turn out to be much more difficult for U.K. companies to chase up delays in payment by overseas buyers than would be the case in Britain. This third risk of not getting paid is the one most likely to affect smaller com- panies, particularly at the out- set, since they are unlikely to invest large capital sums in an overseas country until they have established themselves as traders in that country.

The inherent hazards will result in the company's bankers making the financing of such overseas operations more expen- sive and impose restrictions on advances for overseas trade. The company may thus only deal with overseas buyers in which they have complete faith thus failing to maximise their sales. But to accept new contracts can be to run the risk of big losses which small companies cannot carry.

So what can those small com- panies do if they wish to expand their sales overseas? The first is to consult with the *experts* in overseas trade so that the snares and pitfalls can be at least recognised *if* not avoided. There are several sources of information—the clearing, mer- chant and overseas banks, Gov- ernment departments and organisations such as the British Overseas Trade Board.

The second action is to take out the appropriate credit and political risk insurance. The leader in this field is the Exports Credits Guarantee Department (ECGD)—an inde- *pendent Government* depart- ment within the responsibility of the Secretary of State for Trade. But there is also a very strong private insurance sector providing credit and political risk cover.

Burden

The main facilities offered by the ECGD provide insurance to the U.K. exporter against the *risk of not* being paid for his goods or services — an essential requirement for a small com- pany. Cover not *only* includes *the risk of the buyer going in*- solvent, but also takes in the failure of the buyer to pay *within six months of the due* date for the goods accepted or the services rendered. Delay in payment can be very expensive and put a financial burden on a small company that it cannot carry.

This risk also includes that of cover for the buyer's failure or refusal to accept goods dis- patched, unless the refusal arises from a breach of contract by the U.K. company. However, the operation of this particular cover will only apply if ECGD is satisfied that no useful purpose would be served by pursuing the buyer through legal proceed- ings. The company has to accept the first 20 per cent. of the loss, but insurance against such a risk is nevertheless *needed by the small company.*

The second aid to exporters offered by the ECGD is the pro- vision of access to *favourable in*- terest rates for export finance and of support for bank loans made direct to overseas buyers for capital goods contracts, thus enabling the U.K. company to be paid in cash terms.

The financing of overseas operations by banks is usually related to a particular shipment of goods or provision of services or on accepted bills, though it can be on an open account. Small companies may have *difficulty in finding the security* to cover the bank advances and here the ECGD can play an im- portant role. The insurance policy can be assigned to the bank as additional collateral, but often the knowledge that the company has taken out in- surance covering the main risks of non-payment is sufficient for the bank.

But the ECGD can also help directly in the financing by pro- viding a bank guarantee. Under this, the ECGD is often pre- pared to issue, in respect of companies holding its insurance *policies, a* 100 per cent. guarantee of repayment of advances direct to the bank. *With* such a guarantee, the bank provides the finance at specially favourable rates, since it does not need to protect itself against the risk of default and increase the interest rate. For credit up to two years, the rate is one-half per cent. above base rate.

Where the credit period is over two years, ECGD may be able to provide the company's bank with a specific bank guarantee related to individual contracts. Again with such an unconditional guarantee of re- payment from ECGD, the bank will advance finance at special low fixed interest export rates.

Should companies decide to hold *assets in countries over*- seas, the ECGD can provide poli- tical risk insurance on all new *projects to cover expropriation* and war damage. This can in- clude both the loss of the assets and the loss of profits or earn- ings generated by those assets. Often the most effective way of expanding sales or protecting a trading position in an overseas market is to invest in production or the service facilities directly in the country. The cover pro- vided by ECGD can minimise the risk of such ventures.

The Department is available to insure all U.K. companies operating overseas. The latest figures available show that of the 10,000 or more customers using the facilities, half were small companies with annual ex- ports of less than £50,000. The purpose of ECGD is to ensure that the company gets its money on time and cover is given on a world-wide basis — Rhodesia *being the only exception.* Its services to small companies are essential.

Eric Short

STOCK EXCHANGE REPORT

Technical rally in stock markets as sellers hold off

Gilts harder and share index up 1.6 at 399.0 in slow trade

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
May 3	May 13	May 14	May 25
May 17	May 27	May 28	Jun. 9
Jun. 1	Jun. 10	Jun. 11	Jun. 22

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Scattered features were slow to emerge in stock markets yesterday, but early falls, on precautionary marking down rather than on selling, in prices of leading equities were usually reversed under the lead of a steadier performance by British Funds. The latter were soon showing minor gains and closed with rises extending to ⅜, the better trend reflecting a technical rally after the recent sharp setback on interest rate and currency fears. The Government Securities index, at 62.52, picked up 0.22 of its loss of 1.53 sustained over the three previous business days.

The initial mark-down in equities, partly reflecting the heavy setback on Wall Street on Monday, was mirrored in a fresh loss of 1.5 in the FT 30-share index at 10 a.m.; an hour later, in the absence of anticipated selling, the index was showing a net gain of 0.9. The improvement was gradually extended to 2.3 at 3 p.m., but final quotations were below the best in places and the index ended 1.6 up on balance at 399.0.

Among the few noteworthy movements, Reed International stood out with a rise of 7 to 271p in response to the results. The volume of trade eased off as measured by official markings of 6,372 compared with 6,838 on Monday. Although buying interest was minimal, the previous day's 6-1 majority of falls over rises in FT-quoted Industrials was reduced to 9-4 yesterday. The FT-Actuaries All-Share index hardened 0.2 per cent. to 165.96.

Despite the prospect of an increase in U.S. interest rates, Gilt-edged securities staged a modest technical rally yesterday. Underlying sentiment was helped by the steadier performance of sterling. Small buying interest in the shorts centred chiefly on the low coupon stocks where gains extended to ⅜. A few buyers were also seen in the later maturities and improvements more generally to ¼ were recorded here.

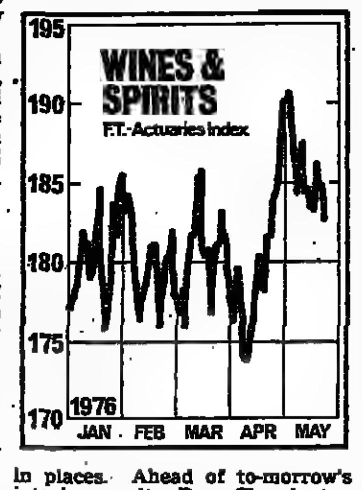
Business remained subdued in the investment currency market, although the premium managed to improve to 113 per cent. before ending a point higher on balance at 112 per cent. Yesterday's SE conversion factor was 0.6841 (0.69000).

Banks improve

In the wake of Monday's round of base rate increases, the big four Banks took a turn for the better yesterday. In thin trading conditions, prices finished with improvements of up to 7 as in Barclays, 292p, and Lloyds, 232p. National Westminster hardened 3 to 235p and Midland 2 to 285p. Bank of Scotland gained 5 to 275p. A particularly dull market of late on domestic and dollar premium influences, Hong Kong and Shanghai rallied 7 to 297p. Australia and New Zealand added 8 at 460p. Discounts regained composure after Monday's decline and Union, at 325p, retrieved 10 of the previous day's fall of 15. Alexanders picked up 8 at 218p and rises of 5 were seen in Cater Ryder, 265p, Gerrard and National, 275p, and Gillett Bros., 193p. Elsewhere, G. R. Dawes found support at 73p, up 5, but Schroders were friendless at 340p, down 10.

Insurance Brokers continued easier in places on profit-taking. Hogg Robinson lost 5 more at 173p and Alexander Howden receded 4 to 164p. Sedgwick Forbes, however, were 4 dearer at 272p and, on the results, Stenhouse were marked up a penny to 107p. Composites tended to harden, with General Accident, 165p, and Sun Alliance, 418p, both 3 higher.

The volume of trade left much to be desired in Breweries, but prices managed to edge forward



in places. Ahead of to-morrow's interim results, Bass Charrington hardened a penny to 96p, while Arthur Guinness were similarly better at 134p. Greenall Whitley held steady at 63p in front of to-day's half-year figures. Elsewhere, the increased dividend and higher preliminary profits left Teacher (Distillers) unchanged at 240p.

Noteworthy movements were few and far between in Buildings. Magnet and Southerns finished 3 up at 153p, while London Brick, 50p, and Redland, 94p, put on 2 apiece. Marley closed without alteration at 95p in front of to-day's interim report. William Mallinson and Denny Mott attracted a little interest, the Ordinary ending 2 cheaper at 38p and the new nil-paid shares finishing a fraction better at 2½p premium. Marchwiel contrasted with a fall of 5 to 103p, while Beaver, 47p, and R. Costain, 213p, shed 3 apiece.

ICI new nil-paid shares attracted a reasonable business, but closed without alteration at 40p premium, after 37p premium, the old were 2 easier at 364p. Elsewhere in Chemicals, Allied Colloids, 102p, and Farm Feed, 57p, lost 3 apiece. Against the trend, Laporte moved up 3 to 100p in response to a revival of speculative interest.

Stores steadier

Leading Stores put up a better performance, closing firmer for choice. Marks and Spencer were a penny harder at 95p as were Debenhams at 91p. After Monday's loss of 4 on the first-quarter's trading deficit, House of Fraser became a steadier market and closed at the overnight level of 82p, after 83p. Burton Group, however, eased 3 to 52p in further response to adverse Press comment. Bolton Textile shaded ½ to 12p on further consideration of the interim statement. Higher earnings took H. Samuel "A" up 3 to 148p, while the chairman's report at the annual meeting put John Menzies 2 better at 145p. Mail Orders continued to attract a reasonable business, Empire Stores finishing 3 higher at 90p.

Idle trading conditions continued to prevail in leading Electricals, which moved within narrow limits. Plessey, with preliminary results due fairly soon, hardened 2 to 77p, while gains of a penny were recorded in GEC, 161p, after 159p, and BICC, 120p, after 118p. Thorn Electrical recouped an early loss of 4 to end unchanged at 248p, while EMI closed a shade down at 245p. Philips' Lamp, on the back of the overnight Wall Street setback, lost another 17 to 900p. Elsewhere, Racal Electronics, 219p, recovered 5 of Monday's loss of 8, while Petbow, still helped by favourable week-end Press comment, put on 3 to a 1976 high of 188p. Newman Industries contrasted with a reaction of 3 at 51p.

Engineerings were once again devoid of any real feature after a quiet trade. The leaders were narrowly mixed, with Hawker closing 2 dearer at 446p but Tubes that much easier at 350p, after 348p. Elsewhere, further consideration of the results left International Combustion a shade harder at 9½p, while Crane's Screw were similarly better at 6½p, after 5p, despite lower half-year earnings. Small offerings and lack of support left Burgess Products 3 down at a 1976 low of 19p and Ductile Steels 4 off at 118p. Weyburn lost 5 at 280p and Castings shed 3 to 24p; the latter's preliminary results are due to-day.

Lockwoods, 7 higher at a 1976 peak of 75p, provided a minor feature in Foods. Cavenham finished a penny harder at 126p ahead of to-morrow's extra-ordinary general meeting which has been called to approve the re-organisation plans, while bid speculation raised Associated Fisheries 3 to 29p. J. Sainsbury closed 2 better at 136p, but Joseph Stocks eased 3 to 102p and Rowntree Mackintosh lost 5 more at 231p. In Supermarkets, Tesco hardened a penny to 43p. Among Hotels and Caterers, Ladbroke held at 102p following the chairman's optimistic report at the annual meeting, while fresh speculative interest lifted Brent Walker 3 to a 1976 peak of 53p.

Reed Intl. rise

Reed International responded favourably to the preliminary results with a rise of 7 to 271p, after 274p, but other leading miscellaneous Industrials stayed close to overnight levels in very slack trading. Reckitt and Colman managed an improvement of 4 at 342p and Boots hardened 2 to 127p, but Beecham closed a penny cheaper at 377p, after 381p. Elsewhere, Gomme rose 6 to 101p on satisfaction with the first-half jump in profits and expectations of a similar second half. Myson Group closed 2 firmer at 88p following the annual meeting, while J. and L. Randall, still on the preliminary statement, gained another penny to 32p. Favourable Press mentions left Brittains a penny firmer at 35½p, while Fitzwilton, 33p, recovered the previous day's fall of 1½ which followed the half-time loss. Hay's Wharf added 2 at 72p ahead of to-morrow's interim results, while the settlement of the dispute with Alcrafield left Century Securities ½ firmer at 8½p. Johnson Matthey were an easier market at 385p, down 5, ahead of results due June 8. Sale Tilney receded 6 to 112p and Wolstenholme 4 to 124p. Hong Kong issues rallied on domestic advices, Jardine Matheson rising 14 to 329p and Swire Pacific 7 to 137p. Hutchison ended 2 up at 43½p after the full report.

Movements in Motors and Distributors were limited in number and size. British Leyland revived with a rise of 3 to 30p, while Abbey Panels, 34p, and Charles Hurst, 62p, put on 2 apiece. Of the isolated dull spots, Associated Engineering eased 1½ to 91p and Dowty reacted 3 to 158p.

Apart from Transparent Paper, 6 higher at 51p on the better-than-expected preliminary figures, Papers/Printings drifted lower. DRG eased 3 to 120p and Jefferson Smurfit declined 5 to 149p. Awaiting to-day's preliminary results, Brunning Group held at 48p. Newspapers generally made modest headway. Thomson Organisation, however, were outstanding at 233p, up 6. Associated gained 3 at 101p, but News International cheapened 3 to 155p.

Artagen higher

Property leaders were inclined to harden in very thin trading, although Land Securities were finally unaltered at 160p, after 162p. MEPC, awaiting interim results due in two weeks time, closed a penny firmer at 69p, while English Property recorded an improvement of 1½ at 44p and Town and City Properties closed fractionally better at 14p. Elsewhere, Artagen rose 2 more to 85p on hopes of a higher bid from Sun Life or a counter-offer from Kuwaiti interests. After Monday's reaction of 4½ on adverse Press comment regarding the Welfare Insurance bid approach, Keith and Henderson picked up 4 to 87p on renewed speculative interest. Waite and Son, after rising 5 on Monday, responded to the recommended 90p cash offer from Fairzone with a fresh improvement of 2 to 87p. Awaiting news of the bid approaches, Forum Properties put on 1½ to a 1976 high of 41p. Allied London Properties gained 2 at 32p ahead of to-morrow's first-half results. Stock Conversion added 3 at 162p and Aquis Securities a penny at 16½p, but Estates and General shed 1½ to 11p.

Leading Oils continued to encounter quiet trading conditions, although early fresh losses which followed the sharp overnight setback on Wall Street were generally recouped. British Petroleum, down 10 the previous day on the Alaskan pipeline welding troubles, eased further to 670p before ending unchanged on balance at 675p. Shell Transport were finally a penny up at 455p, after 450p, but Royal Dutch remained dull and closed ½ cheaper at £38½. Burmah Oil, a recent firm spot on the sale of its U.S. assets, finished a penny harder at 44p. Ultramar closed 2 down at 158p, after 156p, while Tricentrol ended unaltered at 46p, after 44p. Siebens Oil and Gas (U.K.) recovered 5 to 115p, following Monday's fall of 15.

Overseas Traders displayed no decided trend. Paterson Zochonis, 185p, and "A," 180p, recorded declines of 5 apiece, while S. and W. Berisford shed 3 more to 160p, but James Finlay hardened 2 to 130p.

Trusts and Financials displayed narrowly mixed price movements after a small trade. Press comment on the group's newly acquired 28 per cent. shareholding in Pleasurama (30½p, down ½p) prompted a mark-up of a penny to 16p in Williams Hudson. Thomas Jourdan improved a shade to 15p despite the dividend cut and loss.

An improvement of 2 to 109p in P & O Deferred provided the Shipping sector with the only change worthy of note yesterday. News that Eurocanadian Shipholdings had increased it's stake in Furness Withy to nearly 24 per cent. left the latter unchanged at the overnight level of 206p.

Ahead of to-morrow's preliminary results, Courtaulds traded quietly and closed a penny easier at 146p, after 145p. Elsewhere in Textiles, John Haggas receded 5 more to 305p in a thin market and John Crowther gave up a penny to 29p; the latter's results are due on Friday. By way of contrast, John Beales improved 2 to 28p. Tobaccos closed modestly lower, with Bats 3 off at 385p.

South African Industrials had Anglo-Transvaal 6 off at 110p and Tiger Oats 20 cheaper at 520p.

Mines ease again

The continued decline of the bullion price, in front of the International Monetary Fund's June 2 gold auction caused a further reaction in South African Golds, although the losses in share prices again reflected lack of interest rather than sizeable selling orders.

Modest Cape and Continental offerings in a market reluctant to absorb stock caused jobbers' lower prices, and the Gold Mines index fell a further 3.6 to 157.9; it has now lost 16.3 over the past four trading days. Bullion finally 25 cents down at $12[illegible] per ounce.

Overseas-based Financials mirrored golds. "Johnnies" [illegible] a half-point to £17½, while following news of the General Mining/Federale Mynbou group's increased holding in Union Corporation shares of the last-named lost 8 to 316p.

The London-based issues moved higher, especially Charter which jumped 10 to 160p following a sizeable attempted buy order, which prompted further speculative interest. Selection Trust gained 5 to 480p on better-than-expected "rights" issue result.

Coppers lost ground owing to lack of interest. Palabora dropped 30 to 750p and Messina fell 10 to 265p. Tins were easier when changed.

Australians were generally easier reflecting the trend in overnight home markets. Peko-Wallsend gave up 10 to 550p, Pancontinental rose ½ to [illegible] and Poseidon fell 5 to 245p on profit-taking.

Elsewhere, Murchison dropped 60 to 780p on Cape sales while speculative buying left Western Minerals a further 8 up at 1[illegible].

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section.)

No.	Group	Tues. May 25 Index No.	Day's Change %	Est. Earnings Yield % (Max.) Corp. Tax 52%	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) Corp. Tax 52%	Est. P/E Ratio (nil) Corp. Tax 52%	Monday May 24 Index No.	Friday May 21 Index No.	Thurs. May 20 Index No.	Wed. May 19 Index No.	Year ago (approx.) Index No.	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (179)	151.83	–0.1	14.92	5.82	10.11	10.00	151.96	155.87	155.69	155.97	127.30	160.06 (21/4)	143.66 (2/1)	206.57 (4/5/72)	50.71 (13/12/74)
2	Building Materials (30)	136.55	+0.4	12.95	6.69	11.70	11.69	136.03	139.24	140.14	140.33	111.10	150.18 (16/1)	136.03 (24/5)	233.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	210.81	–0.6	17.27	5.02	8.99	8.99	212.10	215.97	217.21	217.55	240.48	260.20 (16/1)	210.81 (25/5)	389.33 (19/5/72)	71.48 (2/12/74)
4	Electricals (16)	275.19	+0.9	14.95	4.60	9.58	9.59	272.62	274.95	281.86	282.11	222.45	287.30 (21/4)	250.50 (6/1)	550.04 (4/5/72)	86.71 (25/6/62)
5	Engineering (Heavy) (13)	188.97	–1.0	20.50	6.46	7.61	7.61	186.76	189.81	190.15	190.98	156.46	193.18 (3/5)	163.90 (6/1)	202.57 (6/6/75)	94.45 (1/2/76)
6	Engineering (General) (63)	140.72	–0.6	16.18	6.24	9.81	9.80	141.60	142.96	144.31	144.78	112.38	149.29 (3/5)	[illegible] (2/1)	[illegible] (4/5/72)	45.14 (6/1/75)
7	Machine and Other Tools (9)	58.25	+0.1	12.99	6.87	13.76	13.71	58.21	58.41	58.85	58.77	46.97	60.62 (5/5)	51.19 (6/1)	136.70 (4/7/66)	19.96 (13/12/74)
8	Miscellaneous (25)	136.95	–0.9	15.98	6.18	11.15	10.82	138.12	138.66	139.66	139.59	117.69	141.94 (11/5)	121.53 (2/1)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (53)	132.05	–0.2	15.62	5.01	9.57	9.54	132.30	134.64	136.46	136.25	87.64	141.46 (21/4)	121.87 (2/1)	227.75 (21/4/72)	38.59 (6/1/75)
10	Lt. Electronics, Radio TV (15)	146.04	—	13.65	3.76	10.73	10.72	146.10	148.56	151.21	151.60	99.09	160.36 (7/4)	159.16 (2/1)	257.41 (19/5/72)	42.85 (12/12/74)
11	Household Goods (13)	182.53	–0.2	16.97	6.31	8.96	8.94	182.88	183.93	184.29	183.99	140.12	187.22 (7/4)	163.58 (2/1)	263.22 (4/5/72)	65.92 (17/12/74)
12	Motors and Distributors (25)	81.15	–0.4	18.04	6.42	8.40	8.36	81.47	82.69	85.47	82.76	47.97	86.16 (3/5)	70.05 (6/1)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (168)	152.97	+0.1	13.96	5.89	10.78	10.66	152.82	155.31	156.89	157.34	144.14	162.24 (4/5)	146.09 (12/4)	226.08 (15/6/72)	61.41 (13/12/74)
14	Breweries (15)	159.32	–0.2	14.15	6.80	10.62	10.62	159.70	159.69	161.59	161.34	162.46	179.45 (2/2)	150.25 (12/4)	231.87 (28/11/72)	69.47 (13/12/74)
15	Wines and Spirits (7)	182.69	–0.9	10.41	5.54	14.70	14.70	184.32	184.67	184.95	186.05	168.41	190.67 (6/5)	173.82 (12/4)	257.40 (13/7/72)	78.81 (13/12/74)
16	Entertainment, Catering (14)	179.65	–0.4	13.57	7.34	11.34	11.26	180.35	182.59	186.10	185.72	158.44	211.26 (3/5)	179.65 (25/5)	329.99 (12/12/72)	64.87 (19/7/74)
17	Food Manufacturing (23)	172.66	–0.2	14.66	5.05	10.42	10.36	173.00	175.68	176.79	177.96	153.46	179.44 (11/5)	162.69 (20/2)	211.65 (1/5/72)	69.78 (11/12/74)
18	Food Retailing (16)	142.59	+1.0	11.63	4.94	12.52	12.52	141.16	143.83	145.24	146.24	146.64	150.05 (12/1)	138.51 (2/4)	255.08 (15/5/72)	54.25 (11/12/74)
19	Newspapers, Publishing (16)	171.28	+1.4	12.21	6.02	12.58	12.58	168.90	171.08	173.06	172.96	147.98	184.34 (11/3)	163.47 (2/1)	250.29 (18/1/72)	55.08 (6/1/75)
20	Packaging and Paper (12)	105.52	–0.4	16.41	7.36	9.15	9.13	105.90	108.01	108.70	108.81	104.19	112.50 (26/2)	104.18 (2/4)	135.59 (26/4/72)	45.46 (6/1/75)
21	Stores (34)	123.44	+0.8	12.57	5.59	12.25	12.23	122.44	126.06	127.86	127.96	129.24	136.24 (2/2)	121.50 (12/4)	204.59 (16/5/72)	52.63 (6/1/75)
22	Textiles (23)	165.84	+0.3	11.44	6.66	11.30	10.01	165.41	168.57	170.48	172.39	146.07	183.19	163.16	253.72	52.65 (11/12/74)
23	Tobaccos (3)	251.62	–0.5	16.82	6.12	8.10	8.10	252.69	253.67	257.50	257.59	182.43	[illegible]	[illegible]	[illegible]	94.34 (13/6/62)
24	Toys and Games (6)	76.46	–1.1	19.82	7.04	7.02	7.02	77.33	77.49	77.74	77.81	42.26	[illegible]	[illegible]	[illegible]	20.92 (6/1/75)
	OTHER GROUPS (99)															
25	Chemicals (26)	217.34	–0.3	11.45	5.14	13.18	12.14	217.91	220.15	221.83	221.68	181.03	[illegible]	[illegible]	[illegible]	71.20 (1/12/74)
26	Office Equipment (6)	97.93	–0.8	13.24	5.33	11.97	11.77	97.96	99.71	99.50	100.18	87.79	[illegible]	[illegible]	[illegible]	45.34 (2/1/75)
27	Shipping (12)	362.41	+0.5	18.56	5.61	6.90	6.10	360.55	368.52	393.42	395.64	366.08	[illegible]	[illegible]	[illegible]	90.80 (29/6/62)
28	Miscellaneous (49)	164.66	+0.5	14.41	5.70	10.31	10.21	163.79	165.64	166.65	166.18	161.26	[illegible]	[illegible]	[illegible]	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	158.16	—	15.90	5.78	10.67	10.56	158.14	160.56	162.09	162.30	140.14	[illegible]	[illegible]	[illegible]	59.01 (13/12/74)
30	OILS (4)	390.46	+0.1	10.96	4.30	10.65	9.76	390.08	395.55	395.64	391.27	282.24	[illegible]	[illegible]	[illegible]	87.26 (29/6/62)
31	500 SHARE INDEX	177.16	—	15.42	5.52	10.66	10.42	177.15	179.65	181.85	181.11	152.11	[illegible]	[illegible]	[illegible]	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	133.81	+1.1	—	5.84	—	—	131.79	132.97	135.72	135.04	143.07	[illegible]	[illegible]	[illegible]	55.88 (13/12/74)
33	Banks (6)	162.64	+1.9	19.06	5.81	5.08	5.06	159.53	159.67	164.08	164.78	156.99	[illegible]	[illegible]	[illegible]	62.44 (12/12/74)
34	Discount Houses (10)	161.65	+2.8	—	6.99	—	—	157.73	156.81	166.21	166.50	158.22	[illegible]	[illegible]	[illegible]	81.40 (10/12/74)
35	Hire Purchase (5)	103.55	+0.1	—	6.54	—	—	105.67	106.73	110.65	109.06	105.22	[illegible]	[illegible]	[illegible]	58.83 (11/12/74)
36	Insurance (Life) (9)	123.88	+1.0	—	6.74	—	—	122.45	123.84	128.08	129.48	[illegible]	[illegible]	[illegible]	[illegible]	44.85 (2/1/75)
37	Insurance (Composite) (7)	104.80	+0.3	—	6.41	—	—	103.81	104.48	106.90	108.34	118.47	[illegible]	[illegible]	[illegible]	43.96 (13/12/74)
38	Insurance (Brokers) (9)	262.16	–0.7	9.06	4.22	16.43	16.43	264.14	269.66	275.52	272.66	201.27	[illegible]	[illegible]	[illegible]	65.86 (16/12/74)
39	Merchant Banks (16)	78.62	—	—	7.14	—	—	78.29	78.62	79.27	79.06	86.56	[illegible]	[illegible]	[illegible]	31.21 (7/1/75)
40	Property (32)	155.36	+1.3	3.28	3.14	54.69	55.49	152.98	160.31	165.56	160.18	210.65	[illegible]	[illegible]	[illegible]	56.01 (20/4/65)
41	Miscellaneous (6)	78.70	+0.8	16.61	7.15	9.42	9.42	78.57	79.63	79.77	79.78	72.02	[illegible]	[illegible]	[illegible]	53.29 (17/12/74)
42	Investment Trusts (50)	163.00	–0.3	3.17	4.53	32.87	32.65	163.49	165.96	167.05	167.19	171.65	[illegible]	[illegible]	[illegible]	71.65 (13/12/74)
43	ALL-SHARE INDEX (650)	165.96	+0.2	—	5.47	—	—	165.65	167.84	169.67	169.48	150.50	[illegible]	[illegible]	[illegible]	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (9)	505.98	+0.3	11.76	8.72	12.83	12.65	505.65	504.59	507.99	505.53	322.42	[illegible]	[illegible]	[illegible]	84.58 (25/6/65)
45	Teas (6)	135.69	–1.2	31.05	6.75	4.37	4.32	137.33	137.64	137.64	137.58	90.28	[illegible]	[illegible]	[illegible]	59.72 (17/10/74)
46	Coppers (3)	224.28	+0.1	44.05	7.66	2.27	2.27	223.96	230.76	236.70	236.91	467.74	[illegible]	[illegible]	[illegible]	94.08 (29/4/62)
47	Mining Finance (11)	105.01	+0.1	9.85	4.74	11.38	11.30	105.95	108.05	109.75	115.15	141.04	[illegible]	[illegible]	[illegible]	66.31 (30/9/74)
48	Tins (6)	106.64	+0.2	11.37	8.38	12.81	12.14	106.45	107.05	107.65	108.37	109.27	[illegible]	[illegible]	[illegible]	54.83 (27/5/71)
49	Overseas Traders (13)	229.28	—	15.86	4.32	9.59	9.57	229.82	245.15	244.24	248.99	244.53	[illegible]	[illegible]	[illegible]	97.37 (6/1/75)

FIXED INTEREST

No.		Tuesday, May 25 Index No.	Yield %	Monday May 24	Friday May 21	Thurs. May 20	Wed. May 19	Tuesday May 18	Monday May 17	Friday May 14	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	13.77	13.87	13.66	13.56	13.47	13.53	13.64	13.62	15.14	—	—	—	—
2	20-yr. Govt. Stocks (6)	60.00	13.30	60.00	60.50	61.22	61.48	61.26	60.78	60.90	46.96	60.59	47.56	113.42	38.27 (3/1/75)
3	20-yr. Red. Deb. & Loans (15)	52.28	14.16	52.24	52.30	52.57	52.61	52.14	52.09	51.75	42.85	[illegible]	[illegible]	[illegible]	57.01 (3/1/75)
4	Investment Trust Prefs. (15)	48.76	14.19	48.76	48.75	49.25	49.43	49.44	49.86	49.72	42.95	[illegible]	[illegible]	[illegible]	54.45 (1/12/74)
5	Coml. and Indl. Prefs. (20)	66.20	14.33	66.58	66.99	67.15	67.29	67.56	67.96	68.10	59.25	71.97	[illegible]	[illegible]	47.57 (6/1/75)

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00	Insurance Brokers	29/12/67	96.67
Engineering (Heavy)	31/12/71	153.84	Mining Finance	29/12/67	100.00
Engineering (General)	31/12/71	[illegible]	All Other	10/4/62	100.00
Wines and Spirits	16/1/70	[illegible]			
Toys and Games	16/1/70	[illegible]			
Office Equipment	16/1/70	[illegible]			
Industrial Group	31/12/70	[illegible]			
Miscellaneous Financial	31/12/70	[illegible]			
Food Manufacturing	29/12/67	[illegible]			
Food Retailing	29/12/67	[illegible]			

‡ Redemption yield. FT-Actuaries indices are calculated by Exdel Communications Limited (a member of the Exchange Telegraph Group) on an ICL 370 computer. A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By post 20p. A record of the indices, cost £38, is obtainable from FT Business Enterprises, [illegible]

FINANCIAL TIMES STOCK INDICES

—	May 25	May 24	May 21	May 20	May 19	May 18	A year ago
Government Secs.	62.52	62.30	62.85	63.65	63.82	63.61	57.6
Fixed Interest	62.66	62.54	63.22	63.67	63.70	63.35	57.7
Industrial Ordinary	399.0	397.4	401.6	410.3	410.5	405.2	353.
Gold Mines	157.9	161.5	162.8	165.2	174.2	171.6	436.
Ord. Div. Yield	5.42	5.50	5.37	5.26	5.26	5.31	5.8
Earnings Y'ld % (full) (a)	15.58	15.61	15.46	15.05	15.04	15.18	17.7
P/E Ratio (net) (a) (b)	9.47	9.33	9.56	9.85	9.88	9.76	7.9
Dealings marked	6,372	6,838	6,493	6,029	5,926	6,357	6,78
Equity turnover £m.	—	48.48	55.01	58.46	51.16	44.84	89.4
Equity bargains total	—	18,387	16,527	16,429	14,940	12,968	17,08

10 a.m. 395.9. 11 a.m. 396.3. Noon 398.9. 1 p.m. 399.6. 2 p.m. 399.4. 3 p.m. 399.7.

Latest Index 01-246 8026.

(a) Based on 52 per cent. corporation tax. (b) Nil=9.37.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.21 (30/1/76)	60.19 (2/1/76)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	64.45 (2/2/76)	59.75 (2/1/76)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	420.8 (4/5/76)	381.6 (5/1/76)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	246.9 (2/1/76)	140.1 (5/4/76)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	May 25	May 24
Daily—		
Gilt-Edged	204.3	180.
Industrials	227.6	243.
Speculative	62.0	58.
Totals	145.0	155.
5-day Av'r'ge.		
Gilt-Edged	178.5	172.
Industrials	233.2	212.
Speculative	48.5	40.
Totals	144.1	139.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	49	2	[illegible]
Corpns., Dom. and Foreign Bonds	22	2	[illegible]
Industrials	179	387	[illegible]
Financial and Prop.	126	145	[illegible]
Oils	3	5	[illegible]
Plantation	3	4	[illegible]
Mines	13	66	[illegible]
Recent Issues	9	15	[illegible]
Totals	[illegible]	[illegible]	[illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
Barclays Bank	£1	13	292	+7	350	272
ICI	£1	10	364	–2	402	328
Shell Transport	25p	10	455	+1	462	378
BP	£1	8	675	—	685	575
GEC	25p	8	161	+1	168	142
Lloyds Bank	£1	8	232	+7	266	210
Marks & Spencer	25p	8	95	+1	108	88
P & O Defd.	£1	8	109	+2	118	87
Aust. & NZ Bkg. "New"	Nil/pd.	7	115*	—	124*	113*
Beecham	25p	7	377	–1	390	339
Bowater	£1	7	212	+1	230	173
Burmah Oil	£1	7	44	+1	58	31
Dunlop	50p	7	84	–1	98	69
Hawker Siddeley	£1	7	446	+2	490	354
Midland Bank	£1	7	285	+2	320	264

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

* Premium.

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
May 25	Jun. 8	Aug. 19	Sep. 1
Jun. 9	Jun. 21	Sep. 2	Sep. 14
Jun. 22	July 5	Sep. 16	Sep. 28

"Calls" were done in Lonrho, British Land and Beralt Tin. Intereuropean Properties, Burmah Oil, Town and City, Associated Fisheries, Geo. Wimpey, London Brick, Beecham, ICI, Head Wrightson, Slater Walker and Robb Caledon, while "doubles" were arranged in Burmah Oil, Town and City, British Land and Beralt Tin.

Industrials							
		Guardian	16	Spillers	4	Shell	27
		G.K.N.	25	Tesco	4	Ultramar	14
A. P. Cement	16	Hawker Sidd.	55	Thorn "A"	22		
Assoc. Leisure	5	House of Fraser	8	Tube Invest.	27	Mines	
Barclays Bank	22	I.C.I.	20	Unilever	38	Anglo Amer.	60
Beecham	28	"Imps"	7	Utd. Drapery	8	Charter Cons.	15
Boots Drug	12	I.C.L.	14	Vickers	16	Chart'rh'll Fin.	4
Bowaters	16	Inveresk	[illegible]	Williams Hud'n	4	Cons. Gold	15
B.A.T.	30	Legal & General	12	Woolworths	6	De Beers Def.	36
British Leyland	5	Ladbroke	11			F. S. Geduld	350
BOC Int.	6½	Lloyds Bank	22	Property		Great Boulder	12
Burton 'A'	6½	"Lofs."	4	Brit. Land	3½	Hampton Areas	12
Cadburys	5	"Mams"	7	Cap Counties	5	Hampton Prop.	4
Courtaulds	11	Marks & Sp'ncer	8	E.P.	5	Kloof	100
Debenhams	8	Midland Bank	22	Int. Europ.	7	Lonrho	9
Distillers	15	Nat'l West Bank	20	Land Securities	14	Loraine	56
Dunlop	7½	"Do" Warrants	8¼	MEPC	7	Poseidon	56
Eagle Star	11	P & O Dfd.	11	Peachey	3½	Pres. Steyn	200
E.M.I.	17	Plessey	7	Samuel Props.	4½	Rio T. Zinc	17
Gen. Accident	12	R.H.M.	5	Town & City	2½	Welkom	56
Gen. Electric	15	Rank Org. 'A'	18			West Areas	40
Glaxo	35	Reed Int'l	25	Oils		Western M'ng	18
Grand Met	7	Rothmans	4	Brit. Petroleum	40		
G.U.S. 'A'	16	Slater Walker	4	Burmah Oil	4½		

NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (18)

STORES (1): Menzies (J.)
ELECTRICALS (1): Petbow
ENGINEERING (2): Gardner (L.), Smith (Whitworth)
FOODS (1): Lockwoods
HOTELS (1): Brent Walker
INDUSTRIALS (4): British Syphon, Brentnall Beard, [illegible]
MOTORS (1): Hurst (C.)
NEWSPAPERS (2): Collins (W.), Collins (W.) 'A'
PAPER (1): Transparent
PROPERTY (3): Artagen, Forum, Waite & Son
TEXTILES (1): Beales (J.)
TEAS (1): Longbourne

NEW LOWS (53)

BANKS (2): Algemene, Bank of N.S.Wales
BUILDINGS (3): Beaver, Greaves Org., [illegible]
CHEMICALS (3): Allied Colloids, Croda Int., Norsk Hydro
STORES (3): Bolton Textile, GUS, Peters Stores
ELECTRICALS (1): Westinghouse
ENGINEERING (3): Burgess Products, GHP, Newman Tonks
FOODS (1): Bishop's Stores
INDUSTRIALS (10): Central & Sheerwood, Charrington, Glass & Metal, Hamilbourne, London & Northern, [illegible]
PROPERTY (3): Barratt Dev., Beazer (C. H.), [illegible]
SHOES (1): K Shoes
TEXTILES (2): Trafford Carpets, Worth (Bond)
TRUSTS (17): Ailsa Inv., American Trust, Atlanta Balt. Wts., Equity Inv., Estates House, FC Eurotrust, General Funds, Grange Trust, Guardian Inv. Trust, Hume Hldgs. 'A', Do. 'B', Investing in Success, Scot. & Cont. Inv., Scottish European, Sizewell, SPLIT Inc., Finance & Industry
OILS (2): Cie Franc. Pet. B, Tricentrol
MINES (2): Bracken, Venterspost

BASE LENDING RATES

Allied Irish Banks Ltd.
American Express Bank
Anglo-Portuguese Bank
Henry Ansbacher
Banco de Bilbao
Banco de Credito
Bank of Cyprus
Bank of N.S.W.
Banque du Rhone S.A.
Barclays Bank
Barnett Christie Ltd.
Bremar Holdings Ltd.
Brit. Bank of Mid. East
■ Brown Shipley
Canada Permanent AFI
Cayzer, Bowater Co. Ltd.
Cedar Holdings
■ Charterhouse Japhet
C. E. Coates
Consolidated Credits
Co-operative Bank
Corinthian Securities
Credit Lyonnais
G. R. Dawes
Duboff Brothers
Duncan Lawrie
English Transcont.
First London Secs.
■ Antony Gibbs
Goode Durrant Trust
Greyhound Guaranty
Grindlays Bank
■ Guinness Mahon
■ Hambros Bank
Hawtin & Partners
■ Hill Samuel
C. Hoare & Co.
Julian S. Hodge
Hongkong & Shanghai
Industrial Bank of Scot.
Keyser Ullmann
Knowsley & Co. Ltd.
Lloyds Bank
London & European
London Mercantile
Midland Bank
■ Samuel Montagu
■ Morgan Grenfell
National Westminster
Northern Comm. Trust
Norwich General Trust
Portman Guaranty
P. S. Refson & Co.
Rossminster Accept'cs
Schlesinger Limited
E. S. Schwab
Security Trust Co. Ltd.
Shenley Trust
Standard Chartered
Trade Development Bk.
Twentieth Century Bk.
United Bank of Kuwait
Whiteaway Laidlaw
Williams & Glyn's
Yorkshire Bank

■ Members of the Accepting Houses Committee.
* 7-day deposits 6½%, 1-month 6¾%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7½%, over £25,000 7¾%.
‡ Demand deposits 6¼%.
§ Call deposits over £1,000 6½%.

CORAL INDEX

Close 397-402

INSURANCE BASE RATES

† Atlantic Assurance
Cannon Assurance
† Address shown under Insurance and Property Bond table.

MONEY MARKET

Large assistance

Bank of England Minimum Lending Rate 11½ per cent. (since May 21, 1976)

The supply of day-to-day credit was not quite as short as at first expected in the London money market yesterday, but the authorities gave assistance by buying a large amount of Treasury bills from the discount houses. Banks carried forward surplus balances, and Government disbursements unexpectedly exceeded revenue payments to the Exchequer, largely because the tax payment position was not in line with early indications. These were outweighed however by: a net market take-up of Treasury bills, an increase in the note circulation, and maturing local authority bills held by the authorities.

Discount houses paid 10½-10¾ per cent. for secured call loans at the start, and rates touched 11½ per cent. in places, but closing balances were taken at around 9¾-10½ per cent.

In the interbank market overnight loans opened at 10½-10¾ per cent. and after easing to 10 per cent., rose to about 11¼ per cent., before closing at 10 per cent.

Short-term fixed period interest rates were generally firmer in rather nervous conditions.

Rates in the table below are nominal in some cases.

May 25 1976	Sterling Certificates of deposits	Interbank	Local Authority deposit†	Local Auth. negotiable bonds	Finance House deposit	Company deposits	Discount market deposits	Treasury bills ⊕	Bank Bills ⊕	Fine trade Bills ⊕
Overnight	—	10-11¼	—	—	—	—	9¾-11⅛	—	—	—
2 days notice	—	—	10⅞-11⅛	—	—	—	—	—	—	—
†7 days or 7 days notice	—	10¾-11⅛	10⅞-11¼	—	—	—	10½-10¾	—	—	—
One month	11⅛-10⅞	10⅞-11¼	11 11¼	11¼-10½	11¼-11½	—	10½-10⅝	10 11/16	11⅛-11	12-11½
Two months	11⅛-11	11-11⅜	—	11¼-10¾	11¼-11½	—	10½-10⅝	10 25/32-10⅞	11⅛-11	12-11½
Three months	11¼-11⅛	11-11⅜	11⅛-11¼	11¼-10¾	11⅜-11¾	—	10½-10⅝	10 15/16-10⅞	11	12-11½
Six months	11⅛-11⅜	11¼-11⅝	11¼-11⅜	11¼-10¾	11½-12	—	—	—	11¼	12-11¾
Nine months	11¾-11⅞	11½-11⅞	—	11⅝-11	12¼	—	—	—	—	—
One year	11 15/16-11⅝	11⅝-12⅛	11⅞-12⅛	11⅞-11¼	12½	—	—	—	—	—
Two years	—	—	12¼-12¾	—	—	—	—	—	—	—

† Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rate nominally three years 12¾-13 per cent.; four years 13-13¼ per cent.; five years 13¼ per cent. ⊕ Bank bill rates in table are buying rate for prime paper: buying rates for four-month bank bills 11⅛-11¼ per cent.; and four-month trade bills 12-11¾ per cent. Approximate selling rate for one-month Treasury bills 10 11/16 per cent.; two month 10 25/32-10⅞ per cent.; and three month 10 15/16 per cent. Approximate selling rate for one-month bank bills 10⅞ per cent.; two month 10 29/32-10⅞ per cent.; [illegible]

Finance House Base Rates (published by the Finance Houses Association) 9 per cent. from April 1, 1976. Clearing Bank Deposit Rates for small sums at seven days' notice 6-7 per cent. Clearing Bank Base Rate for lending 10½ per cent. Treasury Bills: Average tender rate of discount [illegible] per cent.

AUTHORISED UNIT TRUSTS

REGIONAL MARKETS

A selection of the share prices previously shown under regional headings is presented below with quotations on London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish Exchange.

lbans Inv 20p	19	....	Craig Ship. £1	315	...	Shiloh Spinn	24	......
sh Spinning	34	...	Hallam Sleigh 10p	8	...	Sindall (Wm.)	52	......
ertam	26	....	Higsons Brew	97	.....	IRISH		
dg'wtr. Est. 50p	145		I.O.M. Stm £1	135	.....			
lover Croft	30		Holt (Jos) 25p	236	...	Alliance Gas (£1)	65	...
raig & Rose £1	350	+25	Kleen-e-Ze	21	−1½	Carroll (P. J.)	115	+3
son (R.A.)	18		Lovell's Ship £1	110	...	Clondalkin	43	...
ills & McHdy	69		N'thn. Goldsmith	89	...	Concrete Prods.	49	.....
vans F'r'k 10p	23	....	P.M.A.	41	...	Goodbody (£1)	25	.....
vered	10½	....	Pearce (C. H.)	80	.....	Heiton (Hldgs.)	28	....
fe Forge	45	......	Peel Mills	14	...	Irish Distillers	55	......
inlay Pkg. 5p	16½	....	Robb Caledon Sh	49	....	Irish Wire	40	......
rol & Reed 50p	152	......	Sayers 12½p	13	...	Jacob	61	+1
			Sheffield Brick	64	...	Sunbeam	23	+2
			Shef. Refrshmt	140	.....	Unidare	70	.....

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

NOTES

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1976 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99⅝	92½	Treasury 6½pc 1976‡‡	98⅝	......	6.57	11.24
98⅝	98⅝	Victory 4pc 1976‡‡	98⅝	......	4.04	—
101¾	99⅞	Treasury 10½pc 1976‡‡	99⅞xd	......	10.51	10.77
98	95½	Treasury 6¾pc 1977‡‡	96½	......	6.47	10.84
97¼	94½	Electric 3pc '74-77	95	+⅛	3.16	9.57
103¼	92½	Treasury 11½pc '77‡‡	100¼	+⅛	11.48	11.28
94½	91⅞	Treasury 3pc '77‡‡	94xd	+⅛	3.19	7.36
94⅞	92¼	Transport 4pc '72-77	94¼xd	+¼	4.24	7.98
99⅛	90½	Treasury 9pc 1978‡‡	96½	+⅛	9.36	11.35
101½	95½	Treasury 10½pc '78‡‡	98⅝	+⅛	10.67	11.36
93⅛	89⅝	Exchequer 5pc '76-78‡‡	91⅝	+⅛	5.45	8.96
103⅜	99¼	Treasury 11½pc '79‡‡	99⅞	+⅛	11.52	11.54
88⅝	83⅝	Treasury 3pc '79‡‡	86¼	+⅛	3.48	7.76
89½	73⅞	Electric 4½pc '74-79	87⅛	+¼	4.88	8.77
100⅜	96¼	Treasury 10½pc '79‡‡	96⅞	+½	10.84	11.60
88⅛	83⅝	Electric 3½pc '76-79	86¼	+⅛	4.06	8.11
96½	91	Treasury 9pc 1980‡‡	92¾		9.70	11.39
96½	92½	Treasury 9½pc '80‡‡	93¼	+⅛	10.19	11.67
86	82¼	Treasury 3½pc '77-80	84½xd	+¼	4.14	8.06
88½	71	Funding 5½pc '78-80‡‡	87¾xd	+⅛	6.01	9.04
103⅝	98	Treasury 11½pc 1981	99	......	11.62	11.76
86	80¼	Treasury 3½pc 1979-81	80⅜	+⅛	4.35	8.63
95⅝	92	Treasury 9¾pc 1981‡‡	92¾	......	10.51	11.74
		Five to Fifteen Years				
94⅛	86⅛	Treasury 8½pc '80-82‡‡	91¼	+⅛	9.64	11.38
107¼	99½	Treasury 12pc 1983‡‡	101¼	+⅛	12.13	12.21
81⅛	73¼	Funding 5½pc '82-84‡‡	79½	+⅛	7.10	9.73
87⅝	79⅞	Treasury 8½pc '84-86‡‡	85⅞	+⅛	10.28	11.42
74⅞	68⅝	Funding 6½pc '85-87‡‡	70	+¼	9.34	11.45
77⅝	71	Treasury 7¾pc '85-88‡‡	76	+¼	10.55	12.03
51¼	45⅝	Transport 3pc '78-88	49⅛	+¼	6.21	10.73
59¾	53⅛	Treasury 5pc '86-89	55⅛	+⅛	9.16	11.84
103¼	96	Treasury 13pc 1990‡‡	101½	+¼	13.43	13.50
75⅞	68¾	Treasury 8¼pc '87-90‡‡	70½xd	+¼	11.63	12.75
60	53⅛	Funding 5¾pc '87-91‡‡	55¼	−⅛	10.56	12.60
		Over Fifteen Years				
100½	87⅝	Treasury 12¾pc '92‡‡	98⅝	+¼	13.56	13.67
98½	85¼	Treasury 12½pc '93‡‡	96⅜	+⅜	13.61	13.74
97½	91½	Treas. 12½pc '93 'A'‡‡	95½	+⅜	13.61	13.74
58	50⅝	Funding 6pc 1993‡‡	53⅝	+⅛	11.50	12.99
75⅝	66⅛	Treasury 9pc '94‡‡	70⅛	+¼	12.83	13.39
36½	32⅛	Gas 3pc '90-95	33⅞	+⅛	8.91	11.88
100	87⅞	Treasury 12¾pc '95‡‡	93⅝	+¼	13.71	13.78
75⅞	66⅜	Treasury 9pc '92-96‡‡	70¼	+¼	13.05	13.52
35½	31	Redemption 3pc 1986-96	33⅝	+⅛	9.04	11.64
102½	88	Treasury 13¼pc '97‡‡	100⅛	+¼	13.86	13.84
104⅛	89¼	Do. 13¼pc '97 'A'‡‡	102	+¼	13.85	13.86
70⅛	64⅛	Treasury 8¾pc 1997‡‡	68⅝	+¼	13.14	13.57
57⅞	50⅛	Treasury 6¾pc '95-98‡‡	53¼	+¼	12.79	13.51
76	65½	Treasury 9½pc 1999‡‡	74½	+¼	13.37	13.64
31½	27¼	Funding 3½pc '99-04	30½	−⅛	11.97	12.92
65	56¼	Treasury 8pc '02-06‡‡	60¼	+¼	13.50	13.66
46⅛	39⅝	Treasury 5½pc '08-12‡‡	42½	+¼	13.30	13.45
60⅞	52¼	Treasury 7¾pc '12-15‡‡	59⅝	+¼	13.64	13.68
		Undated				
30⅝	26⅝	Consols 4pc	29⅛	+⅛	14.10	—
27⅞	24⅞	War Loan 3½pc‡‡	26xd	+⅛	13.43	—
28⅞	25¼	Conv. 3½pc '61 Aft.	27¼	+⅛	13.10	—
23¼	20⅝	Treasury 3pc '66 Aft.	21⅜	+⅛	14.31	—
19⅝	17	Consols 2½pc	18½	+⅛	13.77	—
19½	16⅞	Treasury 2½pc	18	+⅛	14.18	—

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel)

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 46% (based on $1.7880 per £)

Conversion factor 0.6841 (0.6896)

CANADIANS

S.E. List Premium 46% (based on $1.7530 per £)

††BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE

PROPERTY—Continued

TRUSTS—Continued

TRUSTS—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

MINES—Continued

FAR WEST RAND

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
710	350	Blyvoor 25	430	−10	‡Q180c	1.3	‡
£14	785	Buffels R1	940	−10	Q150c	1.4	11.4
198	95	Deelkraal R0.20	133	−4	—	—	—
760	330	Doornfontein R1	370	−10	‡Q110c	1.4	‡
965	640	East Drie R1	720	−10	Q75c	1.7	6.2
280	160	Elandsrand Gld 20c	185	−5	—	—	—
190	112	Elsburg R1	116	−4	Q33.5c	1.0	17.8
£16½	£11¼	Hartebeest R1	£12¼	−¼	Q215c	1.4	10.0
695	420	Kloof Gold R1	420	−20	Q55c	1.4	7.8
760	400	Libanon R1	415	−15	‡Q110c	1.9	‡
740	335	Southvaal 50c	490	−10	Q8c	1.3	1.0
245	140	Stilfontein 50c	182	−3	Q30c	2.2	3.5
£20½	£10¼	Vaal Reefs 50c	£14¼	......	Q175c	2.1	[illegible]
420	175	Venterspost R1	175	−11	‡Q70c	1.9	‡
£35	£19¾	W. Drie R1	£23¼	−¼	‡Q485c	1.3	‡
315	165	Western Areas R1	182	−8	Q52c	1.4	16.9
£15¼	790	Western Deep R2	935	−5	Q147½c	1.6	9.4
290	190	Zandpan R1	220	−5	Q35½c	1.0	9.6

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
105	70	Mount Lyell 25c	80	......	‡Q5c	2.4	‡
2½	2	Newmetal 10c	2	......	—	—	—
182	138	North B. Hill $1	167	−1	Q9c	1.4	3.5
9	5	Nth. Kalgurli	5	......	—	—	—
88	65	Oakbridge $A1	88	+1	tQ8c	1.3	5.9
35	14	Pacific Copper 25c	28	......	—	—	—
£19½	725	Pancont 12½c	£10	+¼	—	—	—
16	9	Paringa M& Ex. 5p	15	......	—	—	—
615	430	Peko-Wallsend 50c	550	−10	Q15c	◆	1.8
250	140	Poseidon 20c	245	−5	—	—	—
13	9	Vultan Min. 50c	10	......	—	—	—
9	4	Westmex 10c	7	......	—	—	—
•180	127	Westn. Mining 50c	173	−3	‡Q6.9c	0.8	‡
54	36	Whim Creek 20c	44	......	—	—	—

TINS

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
45	28	Amal. Nigeria	36	−1	5.62	1.6	24.0
248	160	Ayer Hitam	237	+4	†13.0	1.8	8.4
30½	17	Beralt Tin	27	......	21.75	—	30.0
405	315	Berjuntai SM$1	380	−5	‡Q$M12	◆	‡
18	13	Ex Lands 10p	16	......	1.5	3.8	14.4
240	155	Geevor	220	+5	‡12	2.3	‡
14	10	Gold & Base 12½p	11	......	—	—	—
230	170	Gopeng Cons.	210	......	‡11.0	1.3	‡
75	64	Hongkong	75	......	—	—	—
70	56	Idris 10p	67	......	7.15	◆	16.4
7½	6	Jantar 12½p	7½	......	—	—	—
42	31	Kamunting 15p	36	......	‡7.0	1.2	‡
235	135	Killinghall	235	......	Q50.0	◆	21.3
175	147	London Tin 20p	163	......	7.47	◆	7.0
228	168	Malay Dredging	210	......	10.7	2.0	7.9
38	20	‡Mohang	28	......	‡Ch2.6	◆	14.3
55	40	Pengkalen 10p	43	......	‡7.0	1.5	‡
123	104	Petaling SM1	115	−2	—	—	—
43	19	Saint Piran	36	−1	—	—	—
100	64	South Kinta 10p	75	......	‡9.5	1.5	‡
193	105	Sthn. Malayan	165	......	10.7	0.9	10.0
45	31	Sungei Besi 20p	36	−1	—	—	—
37	29	Supreme Bay SM1	32	......	‡Q10	—	5.5
48	40	Tanjong 15p	47	......	4.0	◆	13.2
52	40	Tongkah Hrbr SM1	43	......	‡Q23½c	0.6	‡
100	58	Tronoh	85	......	4.29	◆	7.8

COPPER

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
85	42	Botswana RST P2	56	+2	—	—	—
335	170	Messina R0.50	265	−10	†Q35c	1.9	8.1

MISCELLANEOUS

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
10	8	Burma Mines 17½p	9	......	0.1	◆	1.8
39½	23	Charterhall 5p	29½	−½	—	—	—
965	580	Cons. Murch. 10c	780	−50	Q80c	1.8	6.1
55	28	Lornesia	46	......	—	—	—
455	245	Northgate C$1	360	+5	Q25c	0.3	3.6
239	178	R.T.Z.	219	+2	5.42	2.1	3.8
112	84	Sabina Inds. C$1	87	......	—	—	—
£13½	£10	Tara Exptn. $1	£12½	......	—	—	—
132	64	Yukon Cons. C$1	131	−1	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ◆ "Tap" Stock.
- • Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ◆ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ◆ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- ‡ Based on 1975 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ☆ Regional price.
- || No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 25

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £325 per annum for each security.

FINANCIAL TIMES
Wednesday May 26 1976

UDA extreme wing may join Paisley drive

BY GILES MERRITT IN BELFAST

MILITANT ELEMENTS in the Ulster Defence Association were reported last night to have voted *to back the Rev. Ian Paisley's* "Save Ulster" plans in the hope of forcing a confrontation with the Government.

Yesterday morning's shooting of a married couple, both Royal Ulster Constabulary reservists, brought the police casualties this year to 13 killed and 60 wounded and caused mounting pressure by Protestants for Mr. Merlyn Rees, the Northern Ireland Secretary, to counter the Provisional IRA's latest campaign by creating a "third force" to strengthen security operations. The UDA aim would be to add weight to these demands.

Mr. Rees returned to Ulster from London yesterday afternoon to attend a routine meeting of security chiefs at Stormont Castle. *In spite of the dramatic* language of the statement issued jointly on Monday night by Mr. Paisley and his fellow-Unionist Mr. Ernest Baird—"in a matter of hours the world will know that Ulster Loyalists are deter*mined not only to defend them*selves but save the province"—the atmosphere in Ulster yesterday has been one of anti-climax.

Although vigilante action is, according to Protestants, expected during the night in rural areas, the Paisley-Baird threat of a "Save Ulster" campaign has so far only highlighted the divisions in Protestant ranks. The official Unionist Party is publicly undecided on its approach to the plan, while privately, party leaders stress that the timing is wrong and the plan stands little chance of success.

In Dungannon, Co. Tyrone, a spokesman for a group of former "B" Special reservists, the disbanded armed Protestant militia, said that it was organising a system of regular patrols and that "where possible they would work in harmony" with the security forces. Mr. Rees and his advisers at Stormont Castle, *appeared to have adopted* a calm wait-and-see approach to the Protestant threat, for the important and still unknown factor is the extent of the 10,000-strong UDA's involvement in any impending demonstrations.

The Provisionals apparently responded to the threat of Protestant patrolling with a spate of limited bomb attacks. Two bombings were in Belfast, one an incendiary device, the other exploded under controlled *conditions by Army experts.* There were explosions on the Dunmurray Industrial Estate and in the centre of Newry.

Neither Mr. Paisley nor Mr. Baird has been available to speak on their statement of Monday night, and in the absence of Protestant roadblocks at first expected to spring up overnight, there has been growing speculation that the two leaders signally failed to gain the necessary political backing inside the United Ulster Unionist Coalition.

Strike discounted

Mr. Paisley is reported to have alienated his UUUC colleagues at Westminster, where the Ulster Unionist leader Mr. James Molyneaux has dissociated himself from all "extra-Parliamentary activities."

Suggestions that Mr. Paisley may be considering a strike along the lines of the May 1974 Ulster Workers' Council one that toppled the power-sharing Executive are discounted among trade unionists. Yesterday's publication of worsening figures for Ulster unemployment, which has climbed to a 48-year high of 9.9 per cent. for May, further underlines the improbability of strike action.

SE near decision on option trading

BY MARGARET REID

THE STOCK Exchange Council is expected to decide on June 8 whether to accept a recommendation that it should introduce *a new market in traded* options, perhaps jointly with the Amsterdam Stock Exchange.

At present, British investors can acquire options to buy or sell shares at a pre-determined *price within a specified future* period, but there is no market for dealing in the options themselves, as can be done in the Chicago options market.

A committee of the British Exchange has for some months *been probing the possibility of* widening the scope of the London market by adding dealings in traded options. *It* has also been discussing this with representatives from Amsterdam, where similar ideas have been under consideration.

Yesterday the committee submitted its report to the Stock Exchange council. Although no comment is being made on the contents, it is believed the report favours the introduction *of trading in options, confined* initially to a range of some 20 major stocks.

The purpose of restricting the new market to trade in options to buy or sell the highly marketable shares of big *companies* would be to exclude risks of any possible market "rigging." Were there to be option trading in relation to shares of small companies, it might be possible for those with big shareholdings to play the main market so as to manipulate the market in the linked options.

There has been some apprehension in the City that introduction of options trading would be open to political attack as encouraging speculation.

Lonrho takeover of Brentford Nylons likely

BY MARGARET REID AND TERRY WILKINSON

LONRHO, the international trading group with large African interests, which has been increasing its investment in Britain, may make a formal offer in the next day or two for Brentford Nylons, the private textile company which went into receivership in February.

A spokesman for Lonrho, which has extensive textile interests, said last night: "We are assessing the whole situation of Brentford Nylons. But no formal offer has yet been made."

References to Lonrho's interest were made yesterday by one of the joint receivers, Mr. John Naylor, of Cork Gully, accountants, to employees at the Cramlington, Northumberland, factory, who want to take over the business as a workers' co-operative.

Mr. Naylor told the 12-man workers' committee that the prospective Lonhro bid excluded a small factory at Greenock, but he hoped to persuade the group to incorporate this in its offer. He declined to divulge the size of the potential Lonrho offer.

The workers have already made an £11m. bid for the Brentford Nylons business. They are looking to the Department of Industry *for the bulk of the finance* for this: on Monday they travelled to London to discuss the matter with Lord Melchett, Parliamentary Under-Secretary at the Department.

Receivers

Mr. Naylor said last night that he expected matters to move quickly concerning a bid for Brentford Nylons, which has some 2,500 workers and whose *business also includes a factory* at Felling, on Tyneside, and 63 shops. The company ran into financial trouble in February, when Barclays Bank called in Mr. Kenneth Cork and Mr. Naylor as receivers.

If Lonrho, which controls the David Whitehead and Sons (Holdings) textile concern and has textile interests in several African countries, bought Brentford, it would transform the scale of its business in this field. Brentford had sales of as much *as £24m.* in 1974, the last year for which particulars are available, and has been one of Britain's largest unquoted concerns.

Lonrho's recent acquisition moves have been made to expand *its U.K. income for tax reasons,* and to generate enough income in this country to meet dividend and other outgoings here.

Last week the group bought, for £5.7m., a 29.9 per cent. stake in London City and Westcliff Properties, saying it intended to make it into "one of the major property vehicles in the country."

Acquisitions

Lonrho, more than a fifth of whose shares are in Arab hands, negotiated to buy the stake through Mr. Alan Wheatley, liquidator of Israel-British Bank (London).

Previous recent acquisition moves in Britain by the group included a £3.3m. bid for Lubok *Investments, the company in* which Mr. Jim Slater, until October chairman of Slater Walker Securities, had a large shareholding. Lonrho has also recently joined forces with Mr. Slater in a new private invest*ment company with property* interests, Strongmead, for which both partners are putting up £100,000.

Recently Lonrho bought for £880,000 a 4.5 per cent. stake in Combined English Stores, the *specialist retailing concern.*

A report into the affairs of Lonrho—which in 1973 was the subject of Mr. Edward Heath's celebrated remark about the "unacceptable face of capitalism"—has recently been completed by *Department of Trade inspectors.* It has not yet been published.

THE LEX COLUMN

Vickers after the changeover

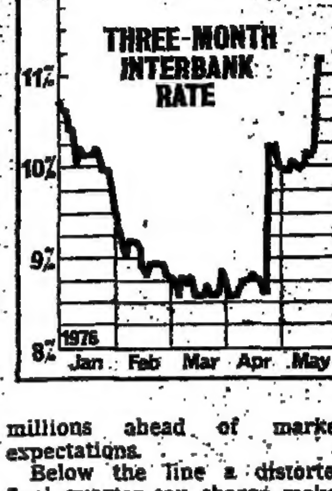
Aerospace and shipbuilding are two high return areas for Vickers, which accounted for three-fifths of 1975's pre-tax profits. But the accounts confirm that nationalisation is not going to leave too gaping a hole in the figures. The group's remaining businesses are almost *all going to do noticeably better* this year and even if compensation of, say, £40m. or £50m. were simply popped into the bank, group profits could still emerge close to 1974's £25.9m. pre-tax if nationalisation took place immediately. For perspective, the group made £34.3m. in 1975—and £18.2m. in 1973.

In reality, of course, the group is already anticipating the receipt of the proceeds to some extent in its spending programme, and vesting date is still some months away. So the ultimate impact could well be less than that.

The balance-sheet, meanwhile, can cope with the threat of some reduction in the net worth. The continuing operations can more or less live within their cash flow—the uptrend in net working capital could moderate a *little this year*—and gearing levels seem certain to be reduced by the change. Shareholders' funds currently account for three-fifths of capital employed, including net short-term borrowings. There is still scope to improve the return on the remaining activities, which is probably still under 15 per cent. before interest, and so the Government will have to devise new ways of being unfair to pose much threat to a market capitalisation of £79m. at 179p.

See also Page 23

Index rose 1.6 to 399.0



Reed International

Reed International's final quarter profits—£10.6m. pre-tax, against an average of less than £9m. for each of the three previous quarters—provide just the base for building recovery hopes, and the shares rose 7p to 271p yesterday. Profits have been flat overseas, with strikes in Canada, and the U.S. decorative side running into losses. *But the U.K. has ended with* an impressive burst of speed thanks to publishing (a price rise at the Mirror) and a seasonal upswing on the decorative side. Overall profits of £37.4m. pre-tax—against £85.4m. in 1974-75—are probably several millions ahead of market expectations.

Below the line a distorted final quarter tax charge makes *for some earnings disappoint*ment. But tax is now reverting to normal, and if Reed can reach £65m. pre-tax this year—and it could comfortably achieve this—earnings per share for 1976-77 should more than double to around 31p. The key is still North America where paper industry averages for capacity utilisation in March were up to 86 per cent. for pulp with newsprint running at 94 per cent. of full loading.

Reed's interest charge held steady over the second half of last year. But borrowings are now rising sharply, and the forthcoming balance-sheet is not going to squash speculation about a rights issue. Meanwhile a yield of 6.4 per cent. together with a 1976-77 p/e of under 9 can probably cope with any selling pressures.

See also Page 23

Discount Houses

The report from Gerrard and National, second largest of the discount houses, with a balance sheet struck on April 5, gives a fairly typical indication of trends within the sector over the past year. Gerrard's book rose a fifth, with Treasury bills accounting for all the growth and more—they represented 41 per cent. of the total against a fifth a year earlier (and only 3 per cent. in April 1974). But commercial bill holdings have been little changed and local authority paper has been run down, ... only other significant ... area being London dollar ...

With MLR up 2½ points ... the balance sheet date, G... rard's remarks that hi... interest rates do not necess... mean a serious setback pro... some comfort, but the chair... also *goes on to talk abou...* "hazards" of the current ... tile climate. The prote... action reported a few w... ago by Jessel Toynbee, w... shrank its book by 37 per c... ahead of the first MLR ... does not seem to have b... widely followed elsewhere ... the sector, with total ... down only 12 per cent. in ... month to April 21. But ... count houses can also pro... *themselves by borrowing lo...* and by shortening their bo... —certainly gilt holdings ... back to negligible levels. ... sector index is virtually ... changed from its level ... before MLR started to go ... this is no climate, however, ... improving the status of a sec... which is now outyielded ... by tins.

Booker McConnell

For its £19m. of net assets ... Guyana, Booker McConnell ... receiving Government prom... sory notes worth a nomi... £10m. net—and nearer £6½m. ... a present value basis. ... nationalisation will knock a... a quarter off the book value ... shareholders' funds, a... although the Guyana notes a... theoretically negotiable it see... unlikely that Booker would ... able to find a buyer.

The positive side is that t... Guyana interests only ma... £355,000 after tax in 1975 a... would have made a substa... loss for Booker this year: ... in the good days, they we... never a great prop for the sha... rating. The balance sheet w... not be especially stretched ... the change, with shareholder... funds plus minorities a... deferred tax making up thr... quarters of capital employed ... the remaining operations, ... attributable earnings this y... should not be much below 19... £6.1m. So the news seems ... have been broadly discounted ... the shares at 122p—over ... quarter below the year's high ... where the market capitalis... of £34m. is in line with tang... net assets after nationalis...

Poland orders £100m. U.K. machine tools

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

MACHINE tools worth about £100m. are to be ordered by Poland before the end of the year. The first contracts are likely to be placed in a week or so.

This is a much-needed boost for the industry, whose orders on hand have shrunk to an all-time low in real terms during the first two months of 1976. The significance can be judged in the context of total U.K. machine tool exports of £160m. last year.

It could well produce just the kind of embarrassing situation over British Leyland's ordering programme which the industry hoped to avoid.

When Leyland's car division eventually seeks quotations on new machine tools—later this year, it is hoped—delivery dates for U.K. equipment could be stretching well ahead as a result of the Polish orders.

Leyland would then be tempted to buy from overseas suppliers to push ahead quickly with its modernisation.

Some 5,000 machine tools covering a wide range and variety will be required by Poland as part of the reconstruction of its tractor industry.

The machine tool ordering programme will have to be substantially complete by the end of this year if the quotas are to be met.

Massey-Ferguson-Perkins has the contract to revitalise the Polish tractor industry and has been making technical recommendations to Poland's export-import agency, which will be placing the orders, and can buy machines from any of the world's manufacturing countries, whose machine tool industries are all depressed.

An MFP spokesman said last night: "We are close to the situation, where a considerable volume of orders will be placed and placed very quickly. We are sure the U.K. will play a big part.

There was no reason to question the estimates made in September 1974 (when MFP signed the Polish deal) that it would bring the U.K. machine tool industry £80m.-worth of orders. It was inflation which had increased the figure substantially," he added.

The main problem would seem to be lack of capacity in the U.K. Unofficial estimates put the annual capacity for special purpose machine tools at £80m.—less than one-third of total machine tool manufacturing capacity.

Child benefits scheme cut back

BY PETER HENNESSY, LOBBY CORRESPONDENT

MR. DAVID ENNALS, Social Services Secretary, came under fire from both sides of the House yesterday when he told it that the Government would not implement its proposed child benefit scheme in full.

He said abolition of child tax *allowances and their replacement* by child benefits payable to the mother would have reduced the take-home pay of a father of two by £3 a week.

This would cause resentment when pay increases were restricted to £4.

From April, 1977, the Government would, however, introduce a new benefit of £1 a week for the first child while continuing family allowances at the present rate of £1.50 for the remaining children. Child tax allowances would remain unchanged.

A premium of 50p for one-parent families would be paid to maintain the value of child interim benefit. The whole scheme would cost £95m. in 1977 and be within the Government's public spending estimates.

Mr. Patrick Jenkin, Opposition spokesman on the social services, *said the move represented the* "final collapse" of Government strategy for family support, and would deepen the "poverty trap."

Mr. Ennals's most vehement critic was his predecessor as Social Services Secretary, Mrs. Barbara Castle, who said the decision to postpone full implementation of the scheme looked like its abandonment. She said Mr. Ennals's assessment that workers would not understand the *reason for* the disappearance of child tax allowances was nonsense.

Mrs. Castle said later she would have resigned from the Government over the issue. She said she would raise the issue at to-day's meeting of the Labour Party National Executive Committee.

Eighty-five MPs had signed an early-day motion drawn up by Mrs. Helene Hayman, MP for Welwyn and Hatfield, urging the Government to implement the child benefit scheme in full.

● Eric Short writes: The child *benefit scheme was intended to* amalgamate the present system of family allowances with tax reliefs for children. It was to start in April 1977. The result would have been to reduce the father's take-home pay by the *amount of the tax reliefs, but* return rather more by the child benefits to the mother.

U.S. row over Concorde take-off

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT WASHINGTON, May 25.

THERE WAS controversy at Dulles International Airport to-day over the noise made by the British and French Concordes when they left for London and Paris after what till then had appeared to be a triumphant start to transatlantic *supersonic scheduled airline services.*

Preliminary noise readings by the Federal Aviation Administration showed that the Air France Concorde recorded a 129 perceived noise decibels, whereas the British Airways aircraft, which took off from a different runway, recorded only 96 PND—apparently because the noise monitors could not be relocated in time.

These readings compared with a wide range of noise levels made by other departing jets, including readings of 102, 111, and 113 PND made by Boeing 707s, 109 to 112 made by a DC-8 and 99 by an unidentified four-engined aircraft jet.

The figures, when they became known, stirred up a rash of protests which virtually destroyed the goodwill created by the two Concordes on their comparatively quiet arrival at Dulles Airport on Monday, and the enthusiastic *comments in the Press and on* television.

In particular, it was being argued that the British Airways Concorde captain, Brian Calvert, had deliberately switched runways to avoid passing directly over the noise monitoring points outside the airport.

But Captain Calvert denied in a conversation with the Dulles control tower that he had tried to avoid monitoring machines. He had switched runways to avoid *built-up areas close to the* airport. "It is better for community noise reasons," he said.

Whatever the reason, and no matter how wide the scatter of noise reading recorded to-day, the noise made by the Concordes *has done some harm.* It is certain that the environmental lobby, which yesterday appeared to be retiring in defeat, may now have a powerful new weapon against Concorde.

Continued from Page 1

Extra Assembly powers

Scottish primary legislation were not complete. But if there were doubt at the pre-assent stage of an Assembly Bill, the issue would be referred to a judicial body.

This would probably be the Judicial Committee of the Privy Council and it followed that the Government would not have any power to reject Assembly Bills if they were found to be legally valid.

Another change has also been made on the general reserve powers of the U.K. Government, which will now be limited "to situations where their use is necessary to prevent unacceptable repercussions on matters for which the U.K. Government will remain responsible."

This means, in effect, that Westminster will be unable to veto any Scottish Bills considered undesirable on political grounds. Ministers always insisted that this was the case but the drafting of the White Paper had left it in doubt.

The functions of the Secretary for Scotland have been severely curtailed and while he will retain the formal power to appoint the Scottish executive, he will act on the advice of the Assembley when appointing the chief executive, and on the advice of the chief executive when appointing the other members.

A further statement is to be made by Mr. Foot in July before Parliament rises for the summer recess covering those aspects of the devolution still undecided, including the position of universities, the courts and the legal profession and finance which will be studied in the light of the recommendations of the Layfield Committee.

Ray Perman, Scottish Correspondent, writes: In his statement, Mr. Foot went a long way towards meeting the major criticisms of the devolution White Paper made in Scotland by those who want to see a sub*stantial measure of autonomy,* particularly the Scottish TUC and the Scottish Council of the Labour Party.

Both bodies welcomed the modifications and looked forward to further concessions to their views, particularly on responsibility for the seven Scottish universities and the Scottish legal system, in the statement promised for the end of July. Mr. Foot did not, however, impress the Scottish National Party, who were annoyed at the timing of the announcement just before their annual conference which begins in Motherwell to-morrow.

The CBI, which is against devolution on the grounds that it would bring no benefits to industry, also criticised the statement.

Immigration report leak inquiry

BY PETER HENNESSY, LOBBY CORRESPONDENT

THE FOREIGN and Commonwealth Office yesterday began a full-scale investigation into the leak to Mr. Enoch Powell, United Ulster Unionist MP for Down South, of a confidential report *detailing widespread abuses on* the Indian sub-continent affecting the entry of illegal immigrants into the U.K.

A second inquiry, involving all the Whitehall departments which recived copies of a report, compiled at the end of last year by Mr. Donald Hawley, an Under-Secretary in the Foreign Office Visa and Immigration Department, was also under way.

The Prime Minister discussed the matter after yesterday's Cabinet meeting with Mr. Anthony Crosland, the Foreign Secretary and Mr. Roy Jenkins, the Home Secretary.

The Government was at pains to dispel any impression of a divergence of views between the Foreign and Home Offices after Mr. Alex Lyon, the former Minister of State at the Home Office, had described the Hawley report as "nonsense" and revealed that, while still a Minister, he had sent a memorandum to Mr. Jenkins taking issue with its findings.

Foreign Office Ministers have not yet taken any decisions on the Hawley report. The impression in Whitehall yesterday was that if new measures to control illegal immigration were necessary they would follow, but modifications to existing procedures are not expected immediately.

Mr. Hawley described what he called an "established industry" on the Indian sub-continent for getting illegal immigrants into the U.K. There was a queue of between 50,000 and 70,000 would-be immigrants in India alone. He implied that existing regulations for screening immigrants in their country of origin were inadequate.

Mr. Lyon accused Mr. Hawley of accepting "a good deal of mythology" without checking the facts. He said there was a limit to the numbers seeking to enter Britain and the only people with a statutory right to come were wives and children under 18 of men who arrived in the U.K. up to 1973.

Pakistani leaders yesterday demanded a Royal Commission to investigate Mr. Enoch Powell's allegations over illegal immigrants.

The Standing Conference of Pakistani Organisations said it believed a Royal Commission would prove that there was no substance in the allegation that the immigrants were bringing in false dependents.

Dr. Dhani Prem, director of the Indian Advisory Council for the U.K., warned that racial trouble was likely to develop if the 60,000 dependants of Asians already in Britain were refused entry.

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Weather

London, S. England, E. Anglia, Midlands, N. Wales, N.W. England, Lakes
Mist or fog patches followed by showers, heavy at times, but clear sunny intervals. Winds W. Max. 17C (63F).

I. of Man, S.W. Scotland, Argyll, N. Ireland
Mist or fog patches followed by showers and sunny periods. Winds W. Max. 14C (57F).

N.E. England, Borders
Occasional rain and hill fog patches, brighter with showers later. Winds variable. Max. 15C (59F).

Edinburgh, Dundee, Aberdeen areas, Highlands, Moray Firth and N.W. Scotland
Occasional rain with hill fog patches, brighter and dry later. Winds E. Max. 13C (55F).

N.E. Scotland, Orkney and Shetland
Dry at first, showers later, sunny periods. Winds E.

Lighting-up: London 21.30. Manchester 21.49. Glasgow 22.11. Belfast 22.11.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Alexandria	S	30	86	Luxemb'g	F	19	66
Amstrdm.	F	18	64	Madrid	S	27	81
Athens	C	20	68	Manchstr.	F	13	55
Barcelona	C	20	68	Melbourne	C	15	59
Beirut	F	23	73	Milan	F	22	72
Belfast	R	10	50	Montreal	C	15	59
Belgrade	C	21	70	Moscow	F	22	72
Berlin	F	13	55	Munich	C	19	66
Birmghm.	C	12	54	Newcastle	R	11	52
Bristol	F	15	59	New York	C	20	67
Brussels	C	18	64	Oslo	S	24	75
Budapest	F	21	70	Paris	C	20	68
B. Aires	S	18	64	Perth	F	20	68
Cairo	S	31	88	Prague	C	18	64
Cardiff	S	13	55	Reykjavik	C	9	48
Cologne	S	19	66	Rio de J'o	C	26	79
Copnhagn.	R	12	54	Rome	F	21	70
Dublin	C	13	55	Singapore	S	31	88
Edinb'rgh	R	12	54	Stockholm	S	23	73
Frankfurt	S	19	66	Strasb'rg	C	15	59
Geneva	R	13	55	Sydney	F	18	64
Glasgow	C	13	55	Tehran	S	22	71
Helsinki	F	23	73	Tel Aviv	S	25	77
Hong Kong	S	31	87	Tokyo	R	20	68
Jo'burg	S	26	79	Toronto	C	12	54
Lisbon	S	19	66	Warsaw	F	21	70
London	C	13	55	Zurich	C	17	63

HOLIDAY RESORTS

Ajaccio	S	21	70	Jersey	C	15	59
Algiers	C	22	72	Las Plms.	F	22	72
Biarritz	C	14	57	Locarno	S	18	64
Blackpool	S	12	54	Majorca	F	27	81
Bordeaux	C	17	63	Malaga	S	22	72
Boulogne	C	13	55	Malta	S	23	73
Casablnca.	C	19	66	Nairobi	C	20	68
Cape Town	S	21	70	Naples	F	22	72
Corfu	F	17	63	Nice	F	19	66
Dubrovnik	S	23	73	Oporto	S	19	66
Faro	S	22	72	Rhodes	F	20	68
Funchal	S	16	61	Salzburg	C	20	68
Gibraltar	S	26	79	Tangier	S	21	70
Guernsey	S	13	55	Tenerife	C	16	61
Innsbruck	C	19	66	Tunis	C	25	77
Inverness	F	14	57	Valencia	C	30	86
Istanbul	R	19	66	Venice	S	22	72

F—Fair. C—Cloudy. R—Rain. S—Sunny.

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